

**STATE OF TEXAS  
CHILDREN'S HEALTH INSURANCE  
PROGRAM  
CHIP RATE SETTING  
STATE FISCAL YEAR 2014**

Prepared for:

Texas Health and Human Services Commission  
CHIP UMCC V2.6, CHIP RSA V1.11 and CHIP Dental V1.4

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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 2014 (FY2014, September 1, 2013 through August 31, 2014) 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 FY2014 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 2009 and a projection of future enrollment through August 2014.
- Claim lag reports by age group for each health plan for the period September 2009 through February 2013. 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 FY2011, FY2012 and the first six months of FY2013. 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 (FY2013) 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.
- FY2012 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 FY2012 CHIP health plan claims cost by type of service for certain services. This information was obtained from the encounter database.

- Information from HHSC regarding FY2013 and proposed FY2014 Medicaid provider reimbursement rates.

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

## II. Overview of the Rate Setting Methodology

This report details the development of the medical component of the total premium rate. Information regarding the carve-in of prescription drugs into the CHIP program can be found in the report titled “State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2014”.

The actuarial model used to derive the FY2014 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 FY2012 base period were developed. These estimates were then projected forward to FY2014 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 FY2014 cost under the health plan. These projected total cost rates were determined separately for each health plan. The results of this analysis were then combined for all health plans in a service area in order to develop a set of community rates for each service area.

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

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

The Rural Service Area (RSA) plan serves 174 mostly rural Texas counties. The FY2014 premium rates for the RSA were developed using the same methodology as that used for all other CHIP health plans.

Premium rates were determined for the following age groups:

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

The services used in the analysis include the following:

- Inpatient Hospital
- Outpatient Hospital
- Physician Services
- Other Professional Services
- Lab, X-ray and Radiology Services
- Medical Supplies

- Behavioral Health Services
- EPSDT Medical Services
- Family Planning and Genetics Services
- Hearing Services
- Home Health Services
- Emergency Room Services
- Ambulance Services
- Vision Services
- Prescription Drugs

Services specifically excluded from the analysis include:

- Dental and Orthodontia Services

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

We projected the FY2014 cost for each individual health plan by estimating their base period (FY2012) 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 FY2014 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 FY2014 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 FY2014 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 FY2014 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) community rate with risk adjustment. The enrollment for children under age one is so small that credible rates could not be set by area. As a result the rate for this risk group was calculated on a statewide basis.

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

### III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2014 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 applies to all service areas but varies by projection year (FY2013 and FY2014).

The trend analysis included a review of HMO and RSA claims experience data through February 28, 2013. Based on this information, estimates of monthly incurred claims were made through December 2012. The claims cost and trend experience was reviewed separately by service area. The service area trends were then combined into a statewide average using a weighted average formula with estimated incurred claims as the weights.

The FY2013 trend assumption was developed from two components: (i) the actual estimated trend for the period September 2012 through December 2012 and (ii) the projected trend for the period January 2013 through August 2013. The experience trends for all time periods were adjusted to remove the impact of various provider reimbursement reductions and revisions that have impacted the program. We have assumed the trend for the period January 2013 through August 2013 and all of FY2014 will be 5%.

This analysis was used to select an annual trend rate assumption of 5.6% for FY2013 and 5.0% for FY2014 for each health plan.

#### ***Provider Reimbursement and Benefit Revision Adjustment***

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

- APR-DRG Implementation
- Inpatient Outlier Payment Reduction
- 5.3% Outpatient Hospital Reimbursement Reduction
- Outpatient Imaging Fee Schedule Reduction
- Cost Sharing Change
- DME Reimbursement Change
- Emergency Room Reimbursement Reduction – Flat Fee for Non-Urgent Visit
- Emergency Room Reimbursement Reduction – Multiple Visits Within 36 Hours
- 5% Ambulance Reimbursement Reduction
- Therapy Reimbursement Change
- Potentially Preventable Readmission Reduction
- Limit Related Party Reimbursement to 100% of Medicaid



- Reduction of Medicaid Reimbursement in Excess of Medicare

The rating adjustments for these provider reimbursement and benefit changes were calculated by applying actual health plan encounter data to the old and new reimbursement basis and the resulting impact determined. Attachment 4 presents a summary of the derivation of these adjustment factors.

### ***Risk Adjustment***

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

The base community rate in each service area was adjusted to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective members. The risk analysis was performed by the University of Florida's Institute for Child Health Policy (IHP). The methodology used to incorporate the acuity risk adjustment is the Chronic Illness and Disability Payment System (CDPS). Additional information regarding risk adjustment is included in Attachment 5.

Although the results of the risk adjustment analysis were reviewed for reasonableness, Rudd and Wisdom did not audit the risk adjustment data or the results of IHP'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 (\$0.1025 pmpm) and a risk margin (2.0% of premium).

## V. CHIP Perinatal

Since January 1, 2007, a new group of clients have been covered under the CHIP program – CHIP Perinatal. The purpose of this program is to extend CHIP services to unborn children of certain non-Medicaid eligible women. Newborns under this program receive the same benefits as current CHIP participants. There is no cost sharing applied to these participants.

The CHIP benefits provided to expectant mothers are more limited in scope. They include the professional component of delivery services (for those clients under 185% FPL) and limited prenatal and post-natal services only.

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

The CHIP Perinatal FY2014 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 FY2014 CHIP Perinatal rates.

## VI. CHIP Dental

The actuarial model used to derive the FY2014 CHIP Dental premium rates relied on recent dental plan financial experience. Historical claims experience data for the dental plans was analyzed and estimates for the base period March 1, 2012 through February 28, 2013 were developed. The claims experience was trended forward to FY2014 using assumed trend rates of 5.0% for FY2013 and FY2014.

Provisions for administrative expenses, taxes and risk margin were added to the projected claims to produce the FY2014 premium rates. Attachment 8 includes additional documentation regarding the rate calculation for CHIP Dental.

## VII. Summary

The chart below presents the results of the FY2014 CHIP rating analysis and includes all components of the premium – medical and prescription drug. This report details the development of the medical component of the premium. Further information regarding the prescription drug component of the premium rate can be found in the report titled “State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2014”.

Health Plan	CHIP - Medical & Prescription Drug Rates				DSP
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	
FY2014 CHIP Premium Rates pmpm					
Aetna - Bexar	183.57	99.44	87.16	121.18	3,100.00
Amerigroup - Bexar	183.57	62.48	62.33	68.82	3,100.00
CFHP - Bexar	183.57	122.96	113.33	134.45	3,100.00
Superior - Bexar	183.57	122.75	101.50	134.71	3,100.00
Amerigroup - Dallas	183.57	139.63	111.13	127.71	3,100.00
Molina - Dallas	183.57	150.14	90.50	111.36	3,100.00
Parkland - Dallas	183.57	150.95	117.24	137.43	3,100.00
El Paso First - El Paso	183.57	111.96	85.18	96.84	3,100.00
Superior - El Paso	183.57	105.40	91.10	99.91	3,100.00
Amerigroup - Harris	183.57	129.74	109.06	133.07	3,100.00
CHC - Harris	183.57	133.73	95.53	134.05	3,100.00
Molina - Harris	183.57	137.12	111.35	128.25	3,100.00
TCHP - Harris	183.57	153.84	134.09	176.58	3,100.00
UHC - Harris	183.57	112.14	94.31	148.39	3,100.00
Amerigroup - Jefferson	183.57	78.68	119.19	99.97	3,100.00
CHC - Jefferson	183.57	139.57	90.50	161.40	3,100.00
Molina - Jefferson	183.57	74.79	83.27	121.11	3,100.00
TCHP - Jefferson	183.57	151.66	130.81	147.49	3,100.00
UHC - Jefferson	183.57	142.36	109.32	157.26	3,100.00
Firstcare - Lubbock	183.57	111.62	95.51	167.77	3,100.00
Superior - Lubbock	183.57	89.31	78.52	100.19	3,100.00
Christus - Nueces	183.57	129.81	115.87	116.69	3,100.00
Driscoll - Nueces	183.57	154.60	153.66	183.80	3,100.00
Superior - Nueces	183.57	125.56	127.56	118.90	3,100.00
Aetna - Tarrant	183.57	123.25	97.84	124.26	3,100.00
Amerigroup - Tarrant	183.57	120.74	107.39	128.18	3,100.00
Cook - Tarrant	183.57	151.25	134.71	158.97	3,100.00
BCBS - Travis	183.57	107.38	117.62	117.91	3,100.00
Sendero - Travis	183.57	111.40	71.88	91.01	3,100.00
Seton - Travis	183.57	129.45	116.67	144.71	3,100.00
Superior - Travis	183.57	119.59	110.70	150.52	3,100.00
Molina - RSA	183.57	101.61	91.71	105.60	3,100.00
Superior - RSA	183.57	116.66	110.41	124.21	3,100.00

CHIP Perinate - Medical & Prescription Drug Rates

Health Plan	Newborns 185%-200%	Perinate <185%	Perinate 185%-200%	DSP
FY2014 CHIP Perinate Premium Rates pmpm				
Aetna - Bexar	632.17	403.98	310.72	3,100.00
Amerigroup - Bexar	632.17	403.98	310.72	3,100.00
CFHP - Bexar	632.17	403.98	310.72	3,100.00
Superior - Bexar	632.17	403.98	310.72	3,100.00
Amerigroup - Dallas	632.17	459.76	310.72	3,100.00
Molina - Dallas	632.17	459.76	310.72	3,100.00
Parkland - Dallas	632.17	459.76	310.72	3,100.00
El Paso First - El Paso	632.17	361.62	310.72	3,100.00
Superior - El Paso	632.17	361.62	310.72	3,100.00
Amerigroup - Harris	632.17	579.04	310.72	3,100.00
CHC - Harris	632.17	579.04	310.72	3,100.00
Molina - Harris	632.17	579.04	310.72	3,100.00
TCHP - Harris	632.17	579.04	310.72	3,100.00
UHC - Harris	632.17	579.04	310.72	3,100.00
Amerigroup - Jefferson	632.17	561.74	310.72	3,100.00
CHC - Jefferson	632.17	561.74	310.72	3,100.00
Molina - Jefferson	632.17	561.74	310.72	3,100.00
TCHP - Jefferson	632.17	561.74	310.72	3,100.00
UHC - Jefferson	632.17	561.74	310.72	3,100.00
Firstcare - Lubbock	632.17	368.30	310.72	3,100.00
Superior - Lubbock	632.17	368.30	310.72	3,100.00
Christus - Nueces	632.17	349.89	310.72	3,100.00
Driscoll - Nueces	632.17	349.94	310.72	3,100.00
Superior - Nueces	632.17	349.94	310.72	3,100.00
Aetna - Tarrant	632.17	356.13	310.72	3,100.00
Amerigroup - Tarrant	632.17	356.13	310.72	3,100.00
Cook - Tarrant	632.17	356.13	310.72	3,100.00
BCBS - Travis	632.17	421.43	310.72	3,100.00
Sendero - Travis	632.17	421.43	310.72	3,100.00
Seton - Travis	632.17	421.42	310.72	3,100.00
Superior - Travis	632.17	421.43	310.72	3,100.00
Molina - RSA	632.17	395.17	310.72	3,100.00
Superior - RSA	632.17	395.17	310.72	3,100.00

CHIP Dental Rates

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18
FY2014 CHIP Dental Premium Rates pmpm				
	3.28	15.62	22.76	19.33

Attachment 1 presents additional information regarding the CHIP FY2014 rates including a comparison to current (FY2013) rates. Attachments 7 and 8 contain additional information regarding the FY2014 CHIP Perinatal and CHIP Dental plan rates, respectively.

## VIII. Actuarial Certification of FY2014 CHIP HMO Premium Rates

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

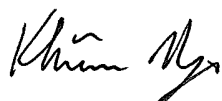
Rudd and Wisdom has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their state fiscal year 2014 (FY2014) managed care rate-setting methodology, assumptions and resulting premium rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c).

I certify that the FY2014 HMO premium rates developed by HHSC and Rudd and Wisdom satisfy the following:

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

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

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



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



## IX. Attachments

***Attachment 1***

Summary of FY2014 CHIP Rating Analysis

The attached exhibit presents summary information regarding the FY2014 CHIP health plan rates. Included on the exhibits are current (FY2013) premium, split between medical and prescription drug, and delivery supplemental payment (DSP) rates, FY2014 premium, split between medical and prescription drug, and DSP rates and a comparison of FY2013 and FY2014 premium rates.

## FY2014 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
Current (9/1/12-8/31/13) Medical Premium Rates pmpm					
Aetna - Bexar	189.92	82.40	59.75	66.36	3,100.00
Amerigroup - Bexar	189.92	101.23	69.18	81.99	3,100.00
CFHP - Bexar	189.92	104.16	72.38	83.29	3,100.00
Superior - Bexar	189.92	98.55	62.58	83.39	3,100.00
Amerigroup - Dallas	189.92	107.22	71.44	85.23	3,100.00
Molina - Dallas	189.92	109.08	73.81	90.58	3,100.00
Parkland - Dallas	189.92	113.44	77.05	100.38	3,100.00
El Paso First - El Paso	189.92	88.92	62.10	79.42	3,100.00
Superior - El Paso	189.92	88.58	66.76	69.88	3,100.00
Amerigroup - Harris	189.92	113.08	77.10	109.95	3,100.00
CHC - Harris	189.92	102.09	69.17	100.26	3,100.00
Molina - Harris	189.92	91.87	67.18	103.70	3,100.00
TCHP - Harris	189.92	126.02	97.20	130.53	3,100.00
UHC - Harris	189.92	106.72	71.91	102.73	3,100.00
Amerigroup - Jefferson	189.92	98.38	67.08	95.66	3,100.00
CHC - Jefferson	189.92	88.82	60.18	87.23	3,100.00
Molina - Jefferson	189.92	79.93	58.45	90.22	3,100.00
TCHP - Jefferson	189.92	109.64	84.56	113.56	3,100.00
UHC - Jefferson	189.92	92.85	62.56	89.38	3,100.00
Firstcare - Lubbock	189.92	106.16	63.50	89.93	3,100.00
Superior - Lubbock	189.92	78.60	60.78	76.67	3,100.00
Christus - Nueces	189.92	122.74	87.71	123.76	3,100.00
Driscoll - Nueces	189.92	125.32	88.24	128.68	3,100.00
Superior - Nueces	189.92	95.56	75.74	76.96	3,100.00
Aetna - Tarrant	189.92	89.38	71.94	93.92	3,100.00
Amerigroup - Tarrant	189.92	99.28	76.42	94.79	3,100.00
Cook - Tarrant	189.92	121.14	94.75	119.16	3,100.00
BCBS - Travis	189.92	96.96	76.61	100.24	3,100.00
Sendero - Travis	189.92	96.96	76.61	100.24	3,100.00
Seton - Travis	189.92	95.37	75.94	105.88	3,100.00
Superior - Travis	189.92	93.98	73.90	83.62	3,100.00
Molina - RSA	189.92	90.88	62.95	80.68	3,100.00
Superior - RSA	189.92	112.17	77.86	91.93	3,100.00

## FY2014 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
Current (6/1/13-8/31/13) Prescription Drug Premium Rates pmpm					
Aetna - Bexar	15.38	17.48	28.59	27.45	
Amerigroup - Bexar	15.38	17.48	28.59	27.45	
CFHP - Bexar	15.38	17.87	30.60	27.62	
Superior - Bexar	15.38	19.03	27.28	32.74	
Amerigroup - Dallas	15.38	18.88	26.32	22.93	
Molina - Dallas	15.38	18.88	26.32	22.93	
Parkland - Dallas	15.38	20.07	28.62	27.34	
El Paso First - El Paso	15.38	21.24	23.32	29.62	
Superior - El Paso	15.38	21.15	25.36	24.88	
Amerigroup - Harris	15.38	18.44	24.54	24.86	
CHC - Harris	15.38	18.44	24.54	24.86	
Molina - Harris	15.38	18.44	24.54	24.86	
TCHP - Harris	15.38	21.46	30.99	30.16	
UHC - Harris	15.38	18.44	24.54	24.86	
Amerigroup - Jefferson	15.38	25.92	32.21	30.78	
CHC - Jefferson	15.38	25.92	32.21	30.78	
Molina - Jefferson	15.38	25.92	32.21	30.78	
TCHP - Jefferson	15.38	25.92	32.21	30.78	
UHC - Jefferson	15.38	25.92	32.21	30.78	
Firstcare - Lubbock	15.38	20.95	28.02	31.65	
Superior - Lubbock	15.38	16.15	26.76	27.27	
Christus - Nueces	15.38	25.00	34.83	29.55	
Driscoll - Nueces	15.38	25.86	34.59	32.57	
Superior - Nueces	15.38	25.00	34.89	30.13	
Aetna - Tarrant	15.38	16.03	27.78	28.80	
Amerigroup - Tarrant	15.38	16.03	27.78	28.80	
Cook - Tarrant	15.38	18.86	32.52	33.54	
BCBS - Travis	15.38	12.98	22.59	28.35	
Sendero - Travis	15.38	12.98	22.59	28.35	
Seton - Travis	15.38	12.25	21.77	31.94	
Superior - Travis	15.38	12.98	22.59	28.35	
Molina - RSA	15.38	23.55	30.08	26.35	
Superior - RSA	15.38	28.03	35.84	29.60	

## FY2014 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
Current Total Premium Rates pmpm					
Aetna - Bexar	205.30	99.88	88.34	93.81	3,100.00
Amerigroup - Bexar	205.30	118.71	97.77	109.44	3,100.00
CFHP - Bexar	205.30	122.03	102.98	110.91	3,100.00
Superior - Bexar	205.30	117.58	89.86	116.13	3,100.00
Amerigroup - Dallas	205.30	126.10	97.76	108.16	3,100.00
Molina - Dallas	205.30	127.96	100.13	113.51	3,100.00
Parkland - Dallas	205.30	133.51	105.67	127.72	3,100.00
El Paso First - El Paso	205.30	110.16	85.42	109.04	3,100.00
Superior - El Paso	205.30	109.73	92.12	94.76	3,100.00
Amerigroup - Harris	205.30	131.52	101.64	134.81	3,100.00
CHC - Harris	205.30	120.53	93.71	125.12	3,100.00
Molina - Harris	205.30	110.31	91.72	128.56	3,100.00
TCHP - Harris	205.30	147.48	128.19	160.69	3,100.00
UHC - Harris	205.30	125.16	96.45	127.59	3,100.00
Amerigroup - Jefferson	205.30	124.30	99.29	126.44	3,100.00
CHC - Jefferson	205.30	114.74	92.39	118.01	3,100.00
Molina - Jefferson	205.30	105.85	90.66	121.00	3,100.00
TCHP - Jefferson	205.30	135.56	116.77	144.34	3,100.00
UHC - Jefferson	205.30	118.77	94.77	120.16	3,100.00
Firstcare - Lubbock	205.30	127.11	91.52	121.58	3,100.00
Superior - Lubbock	205.30	94.75	87.54	103.94	3,100.00
Christus - Nueces	205.30	147.74	122.54	153.31	3,100.00
Driscoll - Nueces	205.30	151.18	122.83	161.25	3,100.00
Superior - Nueces	205.30	120.56	110.63	107.09	3,100.00
Aetna - Tarrant	205.30	105.41	99.72	122.72	3,100.00
Amerigroup - Tarrant	205.30	115.31	104.20	123.59	3,100.00
Cook - Tarrant	205.30	140.00	127.27	152.70	3,100.00
BCBS - Travis	205.30	109.94	99.20	128.59	3,100.00
Sendero - Travis	205.30	109.94	99.20	128.59	3,100.00
Seton - Travis	205.30	107.62	97.71	137.82	3,100.00
Superior - Travis	205.30	106.96	96.49	111.97	3,100.00
Molina - RSA	205.30	114.43	93.03	107.03	3,100.00
Superior - RSA	205.30	140.20	113.70	121.53	3,100.00

## FY2014 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2014 Medical Premium Rates pmpm					
Aetna - Bexar	161.36	84.84	60.12	93.09	3,100.00
Amerigroup - Bexar	161.36	49.48	36.95	47.11	3,100.00
CFHP - Bexar	161.36	106.20	80.23	105.30	3,100.00
Superior - Bexar	161.36	104.39	69.53	102.95	3,100.00
Amerigroup - Dallas	161.36	120.83	80.58	96.24	3,100.00
Molina - Dallas	161.36	129.43	65.12	83.34	3,100.00
Parkland - Dallas	161.36	130.68	85.09	103.65	3,100.00
El Paso First - El Paso	161.36	92.69	60.36	72.85	3,100.00
Superior - El Paso	161.36	87.26	64.56	75.16	3,100.00
Amerigroup - Harris	161.36	110.53	80.86	105.53	3,100.00
CHC - Harris	161.36	116.30	73.44	109.42	3,100.00
Molina - Harris	161.36	119.25	85.60	104.69	3,100.00
TCHP - Harris	161.36	133.79	103.08	144.14	3,100.00
UHC - Harris	161.36	96.39	71.02	119.16	3,100.00
Amerigroup - Jefferson	161.36	57.03	67.62	68.60	3,100.00
CHC - Jefferson	161.36	114.07	62.45	127.16	3,100.00
Molina - Jefferson	161.36	61.12	57.46	95.42	3,100.00
TCHP - Jefferson	161.36	123.95	90.27	116.20	3,100.00
UHC - Jefferson	161.36	116.35	75.44	123.90	3,100.00
Firstcare - Lubbock	161.36	92.62	62.56	124.18	3,100.00
Superior - Lubbock	161.36	74.11	51.43	74.16	3,100.00
Christus - Nueces	161.36	105.67	83.81	92.71	3,100.00
Driscoll - Nueces	161.36	129.36	115.76	150.02	3,100.00
Superior - Nueces	161.36	101.11	90.74	92.96	3,100.00
Aetna - Tarrant	161.36	109.05	71.92	97.05	3,100.00
Amerigroup - Tarrant	161.36	106.83	78.94	100.11	3,100.00
Cook - Tarrant	161.36	133.82	99.02	124.16	3,100.00
BCBS - Travis	161.36	94.28	91.57	91.71	3,100.00
Sendero - Travis	161.36	94.11	52.23	66.06	3,100.00
Seton - Travis	161.36	113.65	90.84	113.03	3,100.00
Superior - Travis	161.36	104.65	85.66	116.37	3,100.00
Molina - RSA	161.36	80.93	60.44	77.91	3,100.00
Superior - RSA	161.36	92.91	72.77	91.64	3,100.00

## FY2014 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2014 Prescription Drug Premium Rates pmpm					
Aetna - Bexar	22.21	14.60	27.04	28.09	
Amerigroup - Bexar	22.21	13.00	25.38	21.71	
CFHP - Bexar	22.21	16.76	33.10	29.15	
Superior - Bexar	22.21	18.36	31.97	31.76	
Amerigroup - Dallas	22.21	18.80	30.55	31.47	
Molina - Dallas	22.21	20.71	25.38	28.02	
Parkland - Dallas	22.21	20.27	32.15	33.78	
El Paso First - El Paso	22.21	19.27	24.82	23.99	
Superior - El Paso	22.21	18.14	26.54	24.75	
Amerigroup - Harris	22.21	19.21	28.20	27.54	
CHC - Harris	22.21	17.43	22.09	24.63	
Molina - Harris	22.21	17.87	25.75	23.56	
TCHP - Harris	22.21	20.05	31.01	32.44	
UHC - Harris	22.21	15.75	23.29	29.23	
Amerigroup - Jefferson	22.21	21.65	51.57	31.37	
CHC - Jefferson	22.21	25.50	28.05	34.24	
Molina - Jefferson	22.21	13.67	25.81	25.69	
TCHP - Jefferson	22.21	27.71	40.54	31.29	
UHC - Jefferson	22.21	26.01	33.88	33.36	
Firstcare - Lubbock	22.21	19.00	32.95	43.59	
Superior - Lubbock	22.21	15.20	27.09	26.03	
Christus - Nueces	22.21	24.14	32.06	23.98	
Driscoll - Nueces	22.21	25.24	37.90	33.78	
Superior - Nueces	22.21	24.45	36.82	25.94	
Aetna - Tarrant	22.21	14.20	25.92	27.21	
Amerigroup - Tarrant	22.21	13.91	28.45	28.07	
Cook - Tarrant	22.21	17.43	35.69	34.81	
BCBS - Travis	22.21	13.10	26.05	26.20	
Sendero - Travis	22.21	17.29	19.65	24.95	
Seton - Travis	22.21	15.80	25.83	31.68	
Superior - Travis	22.21	14.94	25.04	34.15	
Molina - RSA	22.21	20.68	31.27	27.69	
Superior - RSA	22.21	23.75	37.64	32.57	

## FY2014 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2014 Total Premium Rates pmpm					
Aetna - Bexar	183.57	99.44	87.16	121.18	3,100.00
Amerigroup - Bexar	183.57	62.48	62.33	68.82	3,100.00
CFHP - Bexar	183.57	122.96	113.33	134.45	3,100.00
Superior - Bexar	183.57	122.75	101.50	134.71	3,100.00
Amerigroup - Dallas	183.57	139.63	111.13	127.71	3,100.00
Molina - Dallas	183.57	150.14	90.50	111.36	3,100.00
Parkland - Dallas	183.57	150.95	117.24	137.43	3,100.00
El Paso First - El Paso	183.57	111.96	85.18	96.84	3,100.00
Superior - El Paso	183.57	105.40	91.10	99.91	3,100.00
Amerigroup - Harris	183.57	129.74	109.06	133.07	3,100.00
CHC - Harris	183.57	133.73	95.53	134.05	3,100.00
Molina - Harris	183.57	137.12	111.35	128.25	3,100.00
TCHP - Harris	183.57	153.84	134.09	176.58	3,100.00
UHC - Harris	183.57	112.14	94.31	148.39	3,100.00
Amerigroup - Jefferson	183.57	78.68	119.19	99.97	3,100.00
CHC - Jefferson	183.57	139.57	90.50	161.40	3,100.00
Molina - Jefferson	183.57	74.79	83.27	121.11	3,100.00
TCHP - Jefferson	183.57	151.66	130.81	147.49	3,100.00
UHC - Jefferson	183.57	142.36	109.32	157.26	3,100.00
Firstcare - Lubbock	183.57	111.62	95.51	167.77	3,100.00
Superior - Lubbock	183.57	89.31	78.52	100.19	3,100.00
Christus - Nueces	183.57	129.81	115.87	116.69	3,100.00
Driscoll - Nueces	183.57	154.60	153.66	183.80	3,100.00
Superior - Nueces	183.57	125.56	127.56	118.90	3,100.00
Aetna - Tarrant	183.57	123.25	97.84	124.26	3,100.00
Amerigroup - Tarrant	183.57	120.74	107.39	128.18	3,100.00
Cook - Tarrant	183.57	151.25	134.71	158.97	3,100.00
BCBS - Travis	183.57	107.38	117.62	117.91	3,100.00
Sendero - Travis	183.57	111.40	71.88	91.01	3,100.00
Seton - Travis	183.57	129.45	116.67	144.71	3,100.00
Superior - Travis	183.57	119.59	110.70	150.52	3,100.00
Molina - RSA	183.57	101.61	91.71	105.60	3,100.00
Superior - RSA	183.57	116.66	110.41	124.21	3,100.00



## FY2014 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2014 Medical Premium Rate Change					
Aetna - Bexar	-15.0%	3.0%	0.6%	40.3%	0.0%
Amerigroup - Bexar	-15.0%	-51.1%	-46.6%	-42.5%	0.0%
CFHP - Bexar	-15.0%	2.0%	10.8%	26.4%	0.0%
Superior - Bexar	-15.0%	5.9%	11.1%	23.5%	0.0%
Amerigroup - Dallas	-15.0%	12.7%	12.8%	12.9%	0.0%
Molina - Dallas	-15.0%	18.7%	-11.8%	-8.0%	0.0%
Parkland - Dallas	-15.0%	15.2%	10.4%	3.3%	0.0%
El Paso First - El Paso	-15.0%	4.2%	-2.8%	-8.3%	0.0%
Superior - El Paso	-15.0%	-1.5%	-3.3%	7.6%	0.0%
Amerigroup - Harris	-15.0%	-2.3%	4.9%	-4.0%	0.0%
CHC - Harris	-15.0%	13.9%	6.2%	9.1%	0.0%
Molina - Harris	-15.0%	29.8%	27.4%	1.0%	0.0%
TCHP - Harris	-15.0%	6.2%	6.0%	10.4%	0.0%
UHC - Harris	-15.0%	-9.7%	-1.2%	16.0%	0.0%
Amerigroup - Jefferson	-15.0%	-42.0%	0.8%	-28.3%	0.0%
CHC - Jefferson	-15.0%	28.4%	3.8%	45.8%	0.0%
Molina - Jefferson	-15.0%	-23.5%	-1.7%	5.8%	0.0%
TCHP - Jefferson	-15.0%	13.1%	6.8%	2.3%	0.0%
UHC - Jefferson	-15.0%	25.3%	20.6%	38.6%	0.0%
Firstcare - Lubbock	-15.0%	-12.8%	-1.5%	38.1%	0.0%
Superior - Lubbock	-15.0%	-5.7%	-15.4%	-3.3%	0.0%
Christus - Nueces	-15.0%	-13.9%	-4.4%	-25.1%	0.0%
Driscoll - Nueces	-15.0%	3.2%	31.2%	16.6%	0.0%
Superior - Nueces	-15.0%	5.8%	19.8%	20.8%	0.0%
Aetna - Tarrant	-15.0%	22.0%	0.0%	3.3%	0.0%
Amerigroup - Tarrant	-15.0%	7.6%	3.3%	5.6%	0.0%
Cook - Tarrant	-15.0%	10.5%	4.5%	4.2%	0.0%
BCBS - Travis	-15.0%	-2.8%	19.5%	-8.5%	0.0%
Sendero - Travis	-15.0%	-2.9%	-31.8%	-34.1%	0.0%
Seton - Travis	-15.0%	19.2%	19.6%	6.8%	0.0%
Superior - Travis	-15.0%	11.4%	15.9%	39.2%	0.0%
Molina - RSA	-15.0%	-10.9%	-4.0%	-3.4%	0.0%
Superior - RSA	-15.0%	-17.2%	-6.5%	-0.3%	0.0%

## FY2014 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2014 Prescription Drug Premium Rate Change					
Aetna - Bexar	44.4%	-16.5%	-5.4%	2.3%	
Amerigroup - Bexar	44.4%	-25.6%	-11.2%	-20.9%	
CFHP - Bexar	44.4%	-6.2%	8.2%	5.5%	
Superior - Bexar	44.4%	-3.5%	17.2%	-3.0%	
Amerigroup - Dallas	44.4%	-0.4%	16.1%	37.2%	
Molina - Dallas	44.4%	9.7%	-3.6%	22.2%	
Parkland - Dallas	44.4%	1.0%	12.3%	23.6%	
El Paso First - El Paso	44.4%	-9.3%	6.4%	-19.0%	
Superior - El Paso	44.4%	-14.2%	4.7%	-0.5%	
Amerigroup - Harris	44.4%	4.2%	14.9%	10.8%	
CHC - Harris	44.4%	-5.5%	-10.0%	-0.9%	
Molina - Harris	44.4%	-3.1%	4.9%	-5.2%	
TCHP - Harris	44.4%	-6.6%	0.1%	7.6%	
UHC - Harris	44.4%	-14.6%	-5.1%	17.6%	
Amerigroup - Jefferson	44.4%	-16.5%	60.1%	1.9%	
CHC - Jefferson	44.4%	-1.6%	-12.9%	11.2%	
Molina - Jefferson	44.4%	-47.3%	-19.9%	-16.5%	
TCHP - Jefferson	44.4%	6.9%	25.9%	1.7%	
UHC - Jefferson	44.4%	0.3%	5.2%	8.4%	
Firstcare - Lubbock	44.4%	-9.3%	17.6%	37.7%	
Superior - Lubbock	44.4%	-5.9%	1.2%	-4.5%	
Christus - Nueces	44.4%	-3.4%	-8.0%	-18.8%	
Driscoll - Nueces	44.4%	-2.4%	9.6%	3.7%	
Superior - Nueces	44.4%	-2.2%	5.5%	-13.9%	
Aetna - Tarrant	44.4%	-11.4%	-6.7%	-5.5%	
Amerigroup - Tarrant	44.4%	-13.2%	2.4%	-2.5%	
Cook - Tarrant	44.4%	-7.6%	9.7%	3.8%	
BCBS - Travis	44.4%	0.9%	15.3%	-7.6%	
Sendero - Travis	44.4%	33.2%	-13.0%	-12.0%	
Seton - Travis	44.4%	29.0%	18.6%	-0.8%	
Superior - Travis	44.4%	15.1%	10.8%	20.5%	
Molina - RSA	44.4%	-12.2%	4.0%	5.1%	
Superior - RSA	44.4%	-15.3%	5.0%	10.0%	

## FY2014 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2014 Total Premium Rate Change					
Aetna - Bexar	-10.6%	-0.4%	-1.3%	29.2%	0.0%
Amerigroup - Bexar	-10.6%	-47.4%	-36.2%	-37.1%	0.0%
CFHP - Bexar	-10.6%	0.8%	10.1%	21.2%	0.0%
Superior - Bexar	-10.6%	4.4%	13.0%	16.0%	0.0%
Amerigroup - Dallas	-10.6%	10.7%	13.7%	18.1%	0.0%
Molina - Dallas	-10.6%	17.3%	-9.6%	-1.9%	0.0%
Parkland - Dallas	-10.6%	13.1%	10.9%	7.6%	0.0%
El Paso First - El Paso	-10.6%	1.6%	-0.3%	-11.2%	0.0%
Superior - El Paso	-10.6%	-3.9%	-1.1%	5.4%	0.0%
Amerigroup - Harris	-10.6%	-1.4%	7.3%	-1.3%	0.0%
CHC - Harris	-10.6%	11.0%	1.9%	7.1%	0.0%
Molina - Harris	-10.6%	24.3%	21.4%	-0.2%	0.0%
TCHP - Harris	-10.6%	4.3%	4.6%	9.9%	0.0%
UHC - Harris	-10.6%	-10.4%	-2.2%	16.3%	0.0%
Amerigroup - Jefferson	-10.6%	-36.7%	20.0%	-20.9%	0.0%
CHC - Jefferson	-10.6%	21.6%	-2.0%	36.8%	0.0%
Molina - Jefferson	-10.6%	-29.3%	-8.2%	0.1%	0.0%
TCHP - Jefferson	-10.6%	11.9%	12.0%	2.2%	0.0%
UHC - Jefferson	-10.6%	19.9%	15.4%	30.9%	0.0%
Firstcare - Lubbock	-10.6%	-12.2%	4.4%	38.0%	0.0%
Superior - Lubbock	-10.6%	-5.7%	-10.3%	-3.6%	0.0%
Christus - Nueces	-10.6%	-12.1%	-5.4%	-23.9%	0.0%
Driscoll - Nueces	-10.6%	2.3%	25.1%	14.0%	0.0%
Superior - Nueces	-10.6%	4.1%	15.3%	11.0%	0.0%
Aetna - Tarrant	-10.6%	16.9%	-1.9%	1.3%	0.0%
Amerigroup - Tarrant	-10.6%	4.7%	3.1%	3.7%	0.0%
Cook - Tarrant	-10.6%	8.0%	5.8%	4.1%	0.0%
BCBS - Travis	-10.6%	-2.3%	18.6%	-8.3%	0.0%
Sendero - Travis	-10.6%	1.3%	-27.5%	-29.2%	0.0%
Seton - Travis	-10.6%	20.3%	19.4%	5.0%	0.0%
Superior - Travis	-10.6%	11.8%	14.7%	34.4%	0.0%
Molina - RSA	-10.6%	-11.2%	-1.4%	-1.3%	0.0%
Superior - RSA	-10.6%	-16.8%	-2.9%	2.2%	0.0%

## *Attachment 2*

### Individual Health Plan Experience Analysis

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

Exhibit A. This exhibit shows monthly enrollment and earned premium by age group for the period September 2009 through February 2013. 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 2009 through February 2013.

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, 2013, (iii) estimated proportion of that month's incurred claims paid through February, 2013 (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 FY2014 cost based on the plan's actual experience. The top of the exhibit shows summary base period (FY2012) enrollment, premium and claims experience. Trend assumptions for FY2013 and FY2014 are used to project the average base period claims cost to FY2014. 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 (\$.1025 pmpm).

At the bottom of Exhibit D is a summary of the projected FY2014 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-09	124	5,188	15,901	5,132	26,345	1,912,339	72.59	2,111,234	80.14
Oct-09	114	4,896	15,278	4,918	25,206	1,827,852	72.52	2,019,166	80.11
Nov-09	104	4,410	14,441	4,721	23,676	1,719,029	72.61	1,896,042	80.08
Dec-09	98	4,151	13,842	4,541	22,632	1,643,508	72.62	1,812,129	80.07
Jan-10	84	3,945	13,248	4,363	21,640	1,569,212	72.51	1,732,324	80.05
Feb-10	80	3,778	12,940	4,286	21,084	1,529,380	72.54	1,687,582	80.04
Mar-10	85	3,602	12,610	4,236	20,533	1,493,965	72.76	1,643,939	80.06
Apr-10	72	3,458	12,326	4,107	19,963	1,448,064	72.54	1,597,192	80.01
May-10	68	3,360	12,063	4,013	19,504	1,413,847	72.49	1,560,178	79.99
Jun-10	57	3,315	11,940	3,987	19,299	1,396,455	72.36	1,543,451	79.98
Jul-10	54	3,298	11,968	4,010	19,330	1,398,322	72.34	1,545,808	79.97
Aug-10	48	3,276	11,957	4,033	19,314	1,396,413	72.30	1,544,452	79.97
Sep-10	52	3,228	11,979	4,045	19,304	1,497,835	77.59	1,543,572	79.96
Oct-10	44	3,134	11,888	3,989	19,055	1,473,875	77.35	1,522,731	79.91
Nov-10	45	3,062	11,636	3,994	18,737	1,453,300	77.56	1,498,267	79.96
Dec-10	46	3,004	11,658	3,966	18,674	1,446,630	77.47	1,492,574	79.93
Jan-11	43	2,927	11,618	3,986	18,574	1,438,250	77.43	1,484,446	79.92
Feb-11	42	2,904	11,562	3,948	18,456	1,428,000	77.37	1,474,747	79.91
Mar-11	45	2,878	11,497	3,941	18,361	1,422,305	77.46	1,467,389	79.92
Apr-11	45	2,910	11,557	3,950	18,463	1,430,030	77.46	1,475,489	79.92
May-11	45	2,927	11,645	3,985	18,603	1,440,864	77.45	1,486,714	79.92
Jun-11	46	2,950	11,747	4,021	18,764	1,453,372	77.46	1,499,565	79.92
Jul-11	46	2,982	11,862	4,058	18,949	1,467,683	77.45	1,514,376	79.92
Aug-11	47	3,013	11,992	4,103	19,155	1,483,648	77.45	1,530,863	79.92
Sep-11	46	3,002	11,971	4,090	19,109	1,449,030	75.83	1,527,060	79.91
Oct-11	45	2,991	11,950	4,077	19,063	1,444,963	75.80	1,523,258	79.90
Nov-11	44	2,980	11,929	4,064	19,017	1,440,896	75.77	1,519,455	79.90
Dec-11	43	2,969	11,908	4,051	18,971	1,436,829	75.74	1,515,652	79.89
Jan-12	42	2,958	11,887	4,038	18,925	1,432,762	75.71	1,511,850	79.88
Feb-12	41	2,947	11,866	4,025	18,879	1,428,695	75.67	1,508,047	79.88
Mar-12	40	2,936	11,845	4,012	18,833	1,424,628	75.64	1,504,244	79.87
Apr-12	44	2,964	11,847	4,040	18,895	1,431,973	75.79	1,509,750	79.90
May-12	44	2,994	11,965	4,080	19,083	1,446,064	75.78	1,524,754	79.90
Jun-12	43	3,024	12,085	4,121	19,273	1,459,960	75.75	1,539,877	79.90
Jul-12	43	3,039	12,145	4,142	19,369	1,467,176	75.75	1,547,544	79.90
Aug-12	47	3,059	12,226	4,170	19,502	1,478,560	75.82	1,558,324	79.91
Sep-12	47	3,065	12,252	4,179	19,543	1,561,595	79.91	1,561,595	79.91
Oct-12	47	3,068	12,264	4,183	19,562	1,563,110	79.91	1,563,110	79.91
Nov-12	47	3,075	12,292	4,193	19,607	1,566,706	79.91	1,566,706	79.91
Dec-12	45	3,078	12,304	4,197	19,624	1,567,980	79.90	1,567,980	79.90
Jan-13	48	3,081	12,316	4,201	19,646	1,569,858	79.91	1,569,858	79.91
Feb-13	46	3,084	12,328	4,205	19,663	1,571,132	79.90	1,571,132	79.90
FY2010	988	46,677	158,514	52,347	258,526	18,748,386	72.52	20,693,498	80.04
FY2011	547	35,920	140,641	47,987	225,095	17,435,792	77.46	17,990,734	79.93
FY2012	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-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
<b>6-14</b>															
Sep-09	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-09		86,099	328,120	197,976	18,651	12,689	-1,201	-254	838	990	146	7,384	0	0	1,735
Nov-09			17,351	367,907	68,405	39,292	5,651	3,370	7,579	1,947	657	-57	0	-43	32
Dec-09				79,890	251,389	123,262	19,456	6,304	2,806	2,392	107	-157	-1,160	66	-30
Jan-10					17,198	383,437	95,120	15,460	4,917	5,241	94	3	849	301	371
Feb-10						58,788	330,673	63,094	25,904	8,509	2,334	-1,095	466	0	0
Mar-10							37,050	375,045	87,951	25,614	3,633	1,463	902	-2,288	956
Apr-10								49,356	358,033	79,963	16,664	7,310	348	3,833	720
May-10									50,126	340,480	109,840	31,914	7,497	6,509	1,813
Jun-10										43,481	290,289	255,510	13,292	7,486	1,683
Jul-10											20,983	305,586	130,515	70,186	4,511
Aug-10												32,812	371,147	109,441	16,108
Sep-10													50,488	529,966	240,552
Oct-10														6,091	398,876
Nov-10															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-10	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-10	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-10	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-10	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-11	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-11	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-11	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-11	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-11	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-11	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-11	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-11	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-11	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-11	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-11	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-11	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-12	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-12	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-12	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-12	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-12	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-12	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-12	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-12	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-12	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-12	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-12	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-12	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-13	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-13	12,328	37,308	0.758	49,220	3.99	0.091	4,205	117,532	0.650	180,819	43.00	1.041
FY2010	158,514			6,528,516	41.19		52,347			1,948,470	37.22	
FY2011	140,641			8,824,296	62.74	1.523	47,987			1,689,551	35.21	0.946
FY2012	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: FY2014 (9/1/2013 - 8/31/2014)

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011 - 8/31/2012										
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 FY2014 Member Months	335		27,561		119,625		44,598		192,119	
Projected FY2014 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										
FY2013	5.6 %		5.6 %		5.6 %		5.6 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9581		0.9489		0.9483		0.9481			
Other Reimbursement Changes	0.9798		0.9811		0.9811		0.9806			
Projected Incurred Claims	32,343	96.55	1,788,761	64.90	6,494,678	54.29	2,000,578	44.86	10,316,360	53.70
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: FY2014 (9/1/2013 - 8/31/2014)

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Administrative Expenses										
Fixed Amount	2,680	8.00	220,488	8.00	957,000	8.00	356,784	8.00	1,536,952	8.00
Percentage of Premium	5.75 %	6.95	5.75 %	4.94	5.75 %	4.27	5.75 %	3.67	5.75 %	4.23
Risk Margin	2.00 %	2.42	2.00 %	1.72	2.00 %	1.48	2.00 %	1.28	2.00 %	1.47
Premium Tax	1.75 %	2.12	1.75 %	1.50	1.75 %	1.30	1.75 %	1.12	1.75 %	1.29
Maintenance Tax	34	0.103	2,825	0.103	12,262	0.103	4,571	0.103	19,692	0.103
Projected Total Cost	40,496	120.88	2,367,943	85.92	8,875,313	74.19	2,843,949	63.77	14,127,701	73.54
Experience Rate Increase		0.1%		0.8%		-1.0%		-29.1%		-8.1%

### *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 FY2014 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2014 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 FY2014 CHIP HMO community premium rates for the following service areas:

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

These exhibits show projected FY2014 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 (FY2012) experience. Following that are projected FY2014 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 (\$.1025 pmpm).

At the bottom of the exhibit is a summary of the projected FY2014 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 9/1/2011 - 8/31/2012										
Member Months	983		87,683		346,349		133,100		568,115	
Premium Revenue	80,978	82.38	8,958,923	102.17	23,893,414	68.99	11,613,337	87.25	44,546,651	78.41
Adjusted Premium	186,691	189.92	8,727,587	99.54	23,608,617	68.16	10,727,565	80.60	43,250,460	76.13
Adjusted FY2012 Incurred Claims	93,730	95.35	7,080,407	80.75	18,832,712	54.37	10,336,942	77.66	36,343,791	63.97
Projected FY2014 Member Months	888		91,584		355,248		132,792		580,512	
FY2014 Premium at Current Rates	168,649	189.92	9,115,876	99.54	24,215,210	68.16	10,702,741	80.60	44,202,476	76.14
Annual Trend Assumptions										
FY2013	5.6 %		5.6 %		5.6 %		5.6 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9796		0.9607		0.9660		0.9714			
Inpatient Reimbursement Change	0.9770		1.0159		1.0332		1.0299			
Projected Incurred Claims	89,855	101.19	8,002,649	87.38	21,376,072	60.17	11,439,743	86.15	40,908,319	70.47
Capitation & Other Expenses/Refunds										
Total	387	0.44	95,739	1.05	431,578	1.21	132,841	1.00	660,544	1.14
Reinsurance Expenses										
Net Reinsurance Cost	164	0.18	16,023	0.17	63,118	0.18	23,795	0.18	103,100	0.18
Administrative Expenses										
Fixed Amount	7,104	8.00	732,672	8.00	2,841,984	8.00	1,062,336	8.00	4,644,096	8.00
Percentage of Premium	5.75 %	6.98	5.75 %	6.14	5.75 %	4.43	5.75 %	6.06	5.75 %	5.08
Risk Margin	2.00 %	2.43	2.00 %	2.14	2.00 %	1.54	2.00 %	2.11	2.00 %	1.77
Premium Tax	1.75 %	2.13	1.75 %	1.87	1.75 %	1.35	1.75 %	1.85	1.75 %	1.54
Maintenance Tax	91	0.10	9,387	0.10	36,413	0.10	13,611	0.10	59,502	0.10
Projected Total Cost	107,846	121.45	9,786,154	106.85	27,347,144	76.98	14,002,570	105.45	51,243,714	88.27
Experience Rate Increase		-36.1 %		7.4 %		12.9 %		30.8 %		15.9 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011 - 8/31/2012										
Member Months	1,975		168,969		624,865		210,620		1,006,429	
Premium Revenue	426,349	215.87	19,396,009	114.79	50,348,318	80.57	22,713,734	107.84	92,884,410	92.29
Adjusted Premium	375,092	189.92	18,605,921	110.11	46,201,914	73.94	19,324,839	91.75	84,507,765	83.97
Adjusted FY2012 Incurred Claims	430,166	217.81	16,020,222	94.81	35,370,665	56.61	15,174,872	72.05	66,995,926	66.57
Projected FY2014 Member Months	1,908		172,620		664,236		219,324		1,058,088	
FY2014 Premium at Current Rates	362,367	189.92	19,007,948	110.11	49,112,967	73.94	20,123,450	91.75	88,606,733	83.74
Annual Trend Assumptions										
FY2013	5.6 %		5.6 %		5.6 %		5.6 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9896		0.9771		0.9809		0.9833			
Inpatient Reimbursement Change	0.9987		0.9975		1.0105		0.9865			
Projected Incurred Claims	455,379	238.67	17,687,325	102.46	41,321,415	62.21	16,995,750	77.49	76,459,870	72.26
Capitation & Other Expenses/Refunds										
Total	6,707	3.52	589,640	3.42	2,173,722	3.27	701,526	3.20	3,471,594	3.28
Reinsurance Expenses										
Net Reinsurance Cost	299	0.16	29,752	0.17	121,195	0.18	40,436	0.18	191,681	0.18
Administrative Expenses										
Fixed Amount	15,264	8.00	1,380,960	8.00	5,313,888	8.00	1,754,592	8.00	8,464,704	8.00
Percentage of Premium	5.75 %	15.91	5.75 %	7.25	5.75 %	4.69	5.75 %	5.65	5.75 %	5.33
Risk Margin	2.00 %	5.53	2.00 %	2.52	2.00 %	1.63	2.00 %	1.97	2.00 %	1.85
Premium Tax	1.75 %	4.84	1.75 %	2.21	1.75 %	1.43	1.75 %	1.72	1.75 %	1.62
Maintenance Tax	196	0.10	17,694	0.10	68,084	0.10	22,481	0.10	108,454	0.10
Projected Total Cost	528,005	276.73	21,773,891	126.14	54,141,772	81.51	21,563,298	98.32	98,006,966	92.63
Experience Rate Increase		45.7 %		14.6 %		10.2 %		7.2 %		10.6 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011 - 8/31/2012										
Member Months	425		38,372		172,360		77,246		288,403	
Premium Revenue	53,689	126.33	3,294,823	85.87	11,356,657	65.89	5,941,585	76.92	20,646,754	71.59
Adjusted Premium	80,716	189.92	3,407,048	88.79	11,001,680	63.83	5,883,622	76.17	20,373,066	70.64
Adjusted FY2012 Incurred Claims	18,134	42.67	2,488,919	64.86	6,970,161	40.44	3,894,639	50.42	13,371,853	46.37
Projected FY2014 Member Months	360		39,828		174,864		75,480		290,532	
FY2014 Premium at Current Rates	68,371	189.92	3,536,326	88.79	11,161,509	63.83	5,749,111	76.17	20,515,317	70.61
Annual Trend Assumptions										
FY2013	5.6 %		5.6 %		5.6 %		5.6 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9790		0.9641		0.9721		0.9717			
Inpatient Reimbursement Change	1.0000		0.9945		0.9933		0.9913			
Projected Incurred Claims	16,674	46.32	2,746,407	68.96	7,570,967	43.30	4,064,561	53.85	14,398,609	49.56
Capitation & Other Expenses/Refunds										
Total	-993	-2.76	169,569	4.26	744,492	4.26	318,631	4.22	1,231,701	4.24
Reinsurance Expenses										
Net Reinsurance Cost	168	0.47	19,055	0.48	85,066	0.49	38,338	0.51	142,627	0.49
Administrative Expenses										
Fixed Amount	2,880	8.00	318,624	8.00	1,398,912	8.00	603,840	8.00	2,324,256	8.00
Percentage of Premium	5.75 %	3.31	5.75 %	5.20	5.75 %	3.57	5.75 %	4.24	5.75 %	3.96
Risk Margin	2.00 %	1.15	2.00 %	1.81	2.00 %	1.24	2.00 %	1.47	2.00 %	1.38
Premium Tax	1.75 %	1.01	1.75 %	1.58	1.75 %	1.09	1.75 %	1.29	1.75 %	1.21
Maintenance Tax	37	0.10	4,082	0.10	17,924	0.10	7,737	0.10	29,780	0.10
Projected Total Cost	20,737	57.60	3,599,710	90.38	10,847,912	62.04	5,561,445	73.68	20,029,804	68.94
Experience Rate Increase		-69.7 %		1.8 %		-2.8 %		-3.3 %		-2.4 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011 - 8/31/2012										
Member Months	4,114		321,880		1,111,143		393,361		1,830,498	
Premium Revenue	1,022,351	248.51	37,665,976	117.02	93,731,272	84.36	46,535,241	118.30	178,954,840	97.76
Adjusted Premium	781,331	189.92	37,457,494	116.37	95,294,067	85.76	46,241,315	117.55	179,774,206	98.21
Adjusted FY2012 Incurred Claims	538,789	130.96	31,245,503	97.07	76,700,226	69.03	40,315,693	102.49	148,800,211	81.29
Projected FY2014 Member Months	3,240		320,208		1,133,136		392,280		1,848,864	
FY2014 Premium at Current Rates	615,341	189.92	37,262,921	116.37	97,180,235	85.76	46,114,239	117.55	181,172,736	97.99
Annual Trend Assumptions										
FY2013	5.6 %		5.6 %		5.6 %		5.6 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9823		0.9674		0.9745		0.9749			
Inpatient Reimbursement Change	0.9882		0.9856		0.9772		0.9692			
Projected Incurred Claims	456,731	140.97	32,860,540	102.62	82,588,017	72.88	42,122,412	107.38	158,027,700	85.47
Capitation & Other Expenses/Refunds										
Total	38,500	11.88	999,475	3.12	2,843,231	2.51	1,224,719	3.12	5,105,925	2.76
Reinsurance Expenses										
Net Reinsurance Cost	1,269	0.39	131,646	0.41	431,816	0.38	142,226	0.36	706,957	0.38
Administrative Expenses										
Fixed Amount	25,920	8.00	2,561,664	8.00	9,065,088	8.00	3,138,240	8.00	14,790,912	8.00
Percentage of Premium	5.75 %	10.25	5.75 %	7.26	5.75 %	5.33	5.75 %	7.56	5.75 %	6.15
Risk Margin	2.00 %	3.57	2.00 %	2.53	2.00 %	1.85	2.00 %	2.63	2.00 %	2.14
Premium Tax	1.75 %	3.12	1.75 %	2.21	1.75 %	1.62	1.75 %	2.30	1.75 %	1.87
Maintenance Tax	332	0.10	32,821	0.10	116,146	0.10	40,209	0.10	189,509	0.10
Projected Total Cost	577,627	178.28	40,426,680	126.25	105,021,325	92.68	51,566,636	131.45	197,592,268	106.87
Experience Rate Increase		-6.1 %		8.5 %		8.1 %		11.8 %		9.1 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011 - 8/31/2012										
Member Months	155		14,150		46,224		17,370		77,899	
Premium Revenue	34,525	222.74	1,513,637	106.97	3,501,894	75.76	1,891,519	108.90	6,941,575	89.11
Adjusted Premium	29,438	189.92	1,417,213	100.16	3,394,325	73.43	1,761,547	101.41	6,602,522	84.76
Adjusted FY2012 Incurred Claims	24,352	157.11	1,278,147	90.33	2,646,733	57.26	1,533,557	88.29	5,482,789	70.38
Projected FY2014 Member Months	240		28,152		95,508		35,112		159,012	
FY2014 Premium at Current Rates	45,581	189.92	2,819,602	100.16	7,013,352	73.43	3,560,819	101.41	13,439,353	84.52
Annual Trend Assumptions										
FY2013	5.6 %		5.6 %		5.6 %		5.6 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9594		0.9772		0.9778		0.9754			
Inpatient Reimbursement Change	0.9735		0.9769		1.0155		1.0383			
Projected Incurred Claims	38,521	160.50	2,655,230	94.32	5,939,537	62.19	3,433,823	97.80	12,067,111	75.89
Capitation & Other Expenses/Refunds										
Total	480	2.00	53,695	1.91	172,496	1.81	61,385	1.75	288,056	1.81
Reinsurance Expenses										
Net Reinsurance Cost	76	0.32	9,177	0.33	27,660	0.29	9,386	0.27	46,299	0.29
Administrative Expenses										
Fixed Amount	1,920	8.00	225,216	8.00	764,064	8.00	280,896	8.00	1,272,096	8.00
Percentage of Premium	5.75 %	10.86	5.75 %	6.65	5.75 %	4.60	5.75 %	6.86	5.75 %	5.47
Risk Margin	2.00 %	3.78	2.00 %	2.31	2.00 %	1.60	2.00 %	2.38	2.00 %	1.90
Premium Tax	1.75 %	3.31	1.75 %	2.02	1.75 %	1.40	1.75 %	2.09	1.75 %	1.66
Maintenance Tax	25	0.10	2,886	0.10	9,790	0.10	3,599	0.10	16,299	0.10
Projected Total Cost	45,327	188.86	3,255,473	115.64	7,639,279	79.99	4,186,839	119.24	15,126,918	95.13
Experience Rate Increase		-0.6 %		15.5 %		8.9 %		17.6 %		12.6 %



	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011 - 8/31/2012										
Member Months	324		30,977		103,124		34,739		169,164	
Premium Revenue	33,769	104.23	3,081,431	99.47	6,458,346	62.63	3,326,391	95.75	12,899,937	76.26
Adjusted Premium	61,534	189.92	2,798,364	90.34	6,383,259	61.90	2,865,349	82.48	12,108,506	71.58
Adjusted FY2012 Incurred Claims	16,649	51.39	1,895,348	61.19	4,049,890	39.27	2,531,324	72.87	8,493,211	50.21
Projected FY2014 Member Months	408		31,500		106,836		34,764		173,508	
FY2014 Premium at Current Rates	77,487	189.92	2,845,610	90.34	6,613,028	61.90	2,867,411	82.48	12,403,536	71.49
Annual Trend Assumptions										
FY2013	5.6 %		5.6 %		5.6 %		5.6 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9806		0.9724		0.9792		0.9839			
Inpatient Reimbursement Change	0.9725		1.0047		0.9867		1.0080			
Projected Incurred Claims	22,169	54.34	2,087,828	66.28	4,494,805	42.07	2,785,639	80.13	9,390,441	54.12
Capitation & Other Expenses/Refunds										
Total	320	0.78	21,160	0.67	73,580	0.69	22,845	0.66	117,905	0.68
Reinsurance Expenses										
Net Reinsurance Cost	112	0.27	10,784	0.34	35,476	0.33	12,210	0.35	58,582	0.34
Administrative Expenses										
Fixed Amount	3,264	8.00	252,000	8.00	854,688	8.00	278,112	8.00	1,388,064	8.00
Percentage of Premium	5.75 %	4.03	5.75 %	4.79	5.75 %	3.25	5.75 %	5.67	5.75 %	4.02
Risk Margin	2.00 %	1.40	2.00 %	1.67	2.00 %	1.13	2.00 %	1.97	2.00 %	1.40
Premium Tax	1.75 %	1.23	1.75 %	1.46	1.75 %	0.99	1.75 %	1.73	1.75 %	1.22
Maintenance Tax	42	0.10	3,229	0.10	10,951	0.10	3,563	0.10	17,785	0.10
Projected Total Cost	28,626	70.16	2,624,310	83.31	6,043,646	56.57	3,428,033	98.61	12,124,615	69.88
Experience Rate Increase		-63.1 %		-7.8 %		-8.6 %		19.6 %		-2.2 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011 - 8/31/2012										
Member Months	276		27,163		107,055		42,791		177,285	
Premium Revenue	47,513	172.15	3,372,616	124.16	9,214,395	86.07	5,352,723	125.09	17,987,246	101.46
Adjusted Premium	52,418	189.92	3,276,756	120.63	9,292,640	86.80	5,250,807	122.71	17,872,621	100.81
Adjusted FY2012 Incurred Claims	16,360	59.28	2,425,743	89.30	7,848,014	73.31	3,932,628	91.90	14,222,745	80.23
Projected FY2014 Member Months	288		28,200		108,132		41,700		178,320	
FY2014 Premium at Current Rates	54,697	189.92	3,401,853	120.63	9,386,127	86.80	5,116,932	122.71	17,959,608	100.72
Annual Trend Assumptions										
FY2013	5.6 %		5.6 %		5.6 %		5.6 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9807		0.9736		0.9776		0.9797			
Inpatient Reimbursement Change	0.9359		0.9849		1.0212		1.0608			
Projected Incurred Claims	17,373	60.32	2,677,577	94.95	8,774,700	81.15	4,416,175	105.90	15,885,826	89.09
Capitation & Other Expenses/Refunds										
Total	2,923	10.15	349,181	12.38	1,416,183	13.10	543,855	13.04	2,312,143	12.97
Reinsurance Expenses										
Net Reinsurance Cost	169	0.59	17,476	0.62	69,716	0.64	26,996	0.65	114,356	0.64
Administrative Expenses										
Fixed Amount	2,304	8.00	225,600	8.00	865,056	8.00	333,600	8.00	1,426,560	8.00
Percentage of Premium	5.75 %	5.03	5.75 %	7.37	5.75 %	6.54	5.75 %	8.11	5.75 %	7.04
Risk Margin	2.00 %	1.75	2.00 %	2.56	2.00 %	2.28	2.00 %	2.82	2.00 %	2.45
Premium Tax	1.75 %	1.53	1.75 %	2.24	1.75 %	1.99	1.75 %	2.47	1.75 %	2.14
Maintenance Tax	30	0.10	2,891	0.10	11,084	0.10	4,274	0.10	18,278	0.10
Projected Total Cost	25,193	87.47	3,616,271	128.24	12,305,789	113.80	5,883,867	141.10	21,831,119	122.43
Experience Rate Increase		-53.9 %		6.3 %		31.1 %		15.0 %		21.6 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011 - 8/31/2012										
Member Months	3,235		260,715		987,417		370,995		1,622,362	
Premium Revenue	472,549	146.07	25,802,453	98.97	71,510,489	72.42	31,873,191	85.91	129,658,683	79.92
Adjusted Premium	614,391	189.92	26,475,424	101.55	69,797,054	70.69	32,099,133	86.52	128,986,002	79.51
Adjusted FY2012 Incurred Claims	473,071	146.24	17,248,656	66.16	46,012,852	46.60	23,459,929	63.24	87,194,508	53.75
Projected FY2014 Member Months	2,904		265,368		1,002,012		366,972		1,637,256	
FY2014 Premium at Current Rates	551,528	189.92	26,947,933	101.55	70,828,723	70.69	31,751,056	86.52	130,079,240	79.45
Annual Trend Assumptions										
FY2013	5.6 %		5.6 %		5.6 %		5.6 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9817		0.9717		0.9768		0.9773			
Inpatient Reimbursement Change	0.8440		0.9749		1.0131		0.9852			
Projected Incurred Claims	390,142	134.35	18,440,950	69.49	51,234,519	51.13	24,774,054	67.51	94,839,665	57.93
Capitation & Other Expenses/Refunds										
Total	4,353	1.50	398,004	1.50	1,499,991	1.50	549,327	1.50	2,451,674	1.50
Reinsurance Expenses										
Net Reinsurance Cost	317	0.11	29,148	0.11	107,573	0.11	39,377	0.11	176,415	0.11
Administrative Expenses										
Fixed Amount	23,232	8.00	2,122,944	8.00	8,016,096	8.00	2,935,776	8.00	13,098,048	8.00
Percentage of Premium	5.75 %	9.15	5.75 %	5.03	5.75 %	3.87	5.75 %	4.91	5.75 %	4.30
Risk Margin	2.00 %	3.18	2.00 %	1.75	2.00 %	1.34	2.00 %	1.71	2.00 %	1.49
Premium Tax	1.75 %	2.79	1.75 %	1.53	1.75 %	1.18	1.75 %	1.49	1.75 %	1.31
Maintenance Tax	298	0.10	27,200	0.10	102,706	0.10	37,615	0.10	167,819	0.10
Projected Total Cost	462,256	159.18	23,224,581	87.52	67,360,094	67.22	31,310,661	85.32	122,357,592	74.73
Experience Rate Increase		-16.2 %		-13.8 %		-4.9 %		-1.4 %		-5.9 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011 - 8/31/2012										
Member Months	1,816		130,486		438,804		140,858		711,964	
Premium Revenue	238,865	131.53	12,956,281	99.29	34,225,267	78.00	13,804,176	98.00	61,224,589	85.99
Adjusted Premium	344,895	189.92	14,397,651	110.34	37,970,485	86.53	15,403,240	109.35	68,116,270	95.67
Adjusted FY2012 Incurred Claims	113,626	62.57	12,048,285	92.33	28,205,864	64.28	12,135,252	86.15	52,503,027	73.74
Projected FY2014 Member Months	1,704		136,296		465,828		147,324		751,152	
FY2014 Premium at Current Rates	323,624	189.92	15,038,719	110.34	40,308,919	86.53	16,110,316	109.35	71,781,578	95.56
Annual Trend Assumptions										
FY2013	5.6 %		5.6 %		5.6 %		5.6 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9828		0.9748		0.9814		0.9813			
Inpatient Reimbursement Change	1.1179		0.9998		1.0116		0.9904			
Projected Incurred Claims	129,883	76.22	13,599,605	99.78	32,961,161	70.76	13,677,490	92.84	60,368,140	80.37
Capitation & Other Expenses/Refunds										
Total	2,995	1.76	216,385	1.59	690,062	1.48	207,115	1.41	1,116,558	1.49
Reinsurance Expenses										
Net Reinsurance Cost	976	0.57	76,338	0.56	264,795	0.57	84,879	0.58	426,988	0.57
Administrative Expenses										
Fixed Amount	13,632	8.00	1,090,368	8.00	3,726,624	8.00	1,178,592	8.00	6,009,216	8.00
Percentage of Premium	5.75 %	5.51	5.75 %	6.99	5.75 %	5.14	5.75 %	6.54	5.75 %	5.75
Risk Margin	2.00 %	1.92	2.00 %	2.43	2.00 %	1.79	2.00 %	2.27	2.00 %	2.00
Premium Tax	1.75 %	1.68	1.75 %	2.13	1.75 %	1.56	1.75 %	1.99	1.75 %	1.75
Maintenance Tax	175	0.10	13,970	0.10	47,747	0.10	15,101	0.10	76,993	0.10
Projected Total Cost	163,161	95.75	16,570,903	121.58	41,646,840	89.40	16,754,892	113.73	75,135,796	100.03
Experience Rate Increase		-49.6 %		10.2 %		3.3 %		4.0 %		4.7 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011 - 8/31/2012										
Member Months	1,155		72,233		236,241		75,948		385,577	
Premium Revenue	132,399	114.63	6,939,984	96.08	17,206,845	72.84	7,921,824	104.31	32,201,052	83.51
Adjusted Premium	219,358	189.92	6,848,180	94.81	17,761,310	75.18	7,509,288	98.87	32,338,136	83.87
Adjusted FY2012 Incurred Claims	87,823	76.04	4,750,064	65.76	10,545,936	44.64	4,723,930	62.20	20,107,752	52.15
Projected FY2014 Member Months	1,128		78,144		254,304		82,656		416,232	
FY2014 Premium at Current Rates	214,230	189.92	7,408,583	94.81	19,119,341	75.18	8,172,535	98.87	34,914,689	83.88
Annual Trend Assumptions										
FY2013	5.6 %		5.6 %		5.6 %		5.6 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9808		0.9741		0.9809		0.9813			
Inpatient Reimbursement Change	1.0000		0.9678		1.0116		0.9884			
Projected Incurred Claims	93,276	82.69	5,371,577	68.74	12,490,212	49.12	5,529,033	66.89	23,484,098	56.42
Capitation & Other Expenses/Refunds										
Total	32,276	28.61	1,680,163	21.50	5,739,860	22.57	2,136,355	25.85	9,588,655	23.04
Reinsurance Expenses										
Net Reinsurance Cost	540	0.48	32,299	0.41	116,114	0.46	42,480	0.51	191,433	0.46
Administrative Expenses										
Fixed Amount	9,024	8.00	625,152	8.00	2,034,432	8.00	661,248	8.00	3,329,856	8.00
Percentage of Premium	5.75 %	7.62	5.75 %	6.27	5.75 %	5.10	5.75 %	6.44	5.75 %	5.59
Risk Margin	2.00 %	2.65	2.00 %	2.18	2.00 %	1.77	2.00 %	2.24	2.00 %	1.95
Premium Tax	1.75 %	2.32	1.75 %	1.91	1.75 %	1.55	1.75 %	1.96	1.75 %	1.70
Maintenance Tax	116	0.10	8,010	0.10	26,066	0.10	8,472	0.10	42,664	0.10
Projected Total Cost	149,427	132.47	8,527,294	109.12	22,548,823	88.67	9,257,005	111.99	40,482,548	97.26
Experience Rate Increase		-30.2 %		15.1 %		17.9 %		13.3 %		15.9 %

## ***Attachment 4***

### **Provider Reimbursement and Benefit Revision Adjustments**

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

There were several significant revisions to the Texas Medicaid fee schedule which were included in the CHIP rating analysis. The rating adjustments for these provider reimbursement and benefit changes were calculated by applying actual health plan encounter data to the old and new reimbursement basis and the resulting impact determined. The attached exhibits present a summary of the derivation of these adjustment factors.

Exhibit A – APR-DRG Implementation

Exhibit B – Inpatient Outlier Payment Reduction

Exhibit C – 5.3% Outpatient Hospital Reimbursement Reduction

Exhibit D – Outpatient Imaging Fee Schedule Reduction

Exhibit E – Cost Sharing Change

Exhibit F – DME Reimbursement Change

Exhibit G – Emergency Room Reimbursement Reduction – Flat Fee for Non-Urgent Visit

Exhibit H – Emergency Room Reimbursement Reduction – Multiple Visits within 36 Hours

Exhibit I – 5% Ambulance Reimbursement Reduction

Exhibit J – Therapy Reimbursement Change

Exhibit K – Potentially Preventable Readmission (PPR) Reduction

Exhibit L – Limit Related Party Reimbursement to 100% of Medicaid

Exhibit M – Medicaid Rates in Excess of Medicare Reduction

Effective September 1, 2012 HHSC implemented the APR-DRG reimbursement system for all hospitals excluding rural, children's and state owned teaching facilities. Effective September 1, 2013 HHSC will transition all rural and children's facilities to the APR-DRG reimbursement system. Attached Exhibit A presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2013 HHSC will be reducing the outlier portion of inpatient facility reimbursement by 10%. Children's hospitals are excluded from this reduction. Exhibit B presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2013 HHSC will be implementing an outpatient hospital reduction of 5.3%, which excludes clinical lab and outpatient imaging services. This reduction does not apply to children's hospitals, rural hospitals, or state-owned teaching hospitals. Exhibit C presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2013 HHSC will be reducing hospital imaging reimbursement to 125% of the amount reimbursed for imaging performed in a physician's office. Exhibit D presents a summary of the derivation of the rating adjustment factors.

Effective March 1, 2012 HHSC increased the cost share requirements resulting in a corresponding reduction in medical expense. Exhibit E presents a summary of the derivation of the rating adjustment factors.

Effective March 1, 2012 HHSC made revisions to the Durable Medical Equipment fee schedules. Exhibit F presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2013 HHSC reduced reimbursement for non-emergent services provided in the emergency room. This includes (i) a reduction in payment if an individual returns to the emergency department within a 36 hour period and (ii) non-urgent visit will be reimbursed using a flat fee. Exhibits G and H presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2013 HHSC will be reducing ambulance reimbursement by 5%. Exhibit I presents a summary of the derivation of the rating adjustment factors.

Effective March 1, 2012 and again on September 1, 2013, HHSC implemented revisions to the therapy fee schedules. The reductions that will be effective on September 1, 2013 apply to independent therapists, Comprehensive Outpatient Rehabilitation Facilities/Outpatient Rehabilitation Facilities (CORFs/ORFs), and home health agencies. Reimbursement will be reduced by 5% for therapy services provided outside the home and 3% for therapy services provided inside the home. Exhibit J presents a summary of the derivation of the rating adjustment factors.

Effective May 1, 2013 HHSC implemented revisions to hospital reimbursement to account for Potentially Preventable Readmissions (PPR). The reimbursement reductions amount to 1-2% depending on a hospitals performance during the evaluation time period. Exhibit K presents a summary of the derivation of the rating adjustment factors.

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

Effective September 1, 2013 HHSC will be reducing all Medicaid rates that are in excess of Medicare. Exhibit M presents a summary of the derivation of the rating adjustment factors.

FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 APR-DRG Implementation

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Revision (1)					
Bexar	-2,412	113,583	655,563	340,430	1,107,164
Dallas	-50	15,511	485,354	-105,023	395,792
El Paso	0	-13,706	-39,470	-31,659	-84,835
Harris	15,379	913,005	2,369,036	566,781	3,864,201
Jefferson	-633	31,845	122,988	98,949	253,149
Lubbock	-468	8,997	-47,349	20,013	-18,808
Nueces	-1,107	-36,548	155,467	235,137	352,950
RSA	-46,904	-481,551	619,391	-296,190	-205,254
Tarrant	18,413	-2,429	382,610	-95,680	302,914
Travis	0	-155,341	118,039	-51,349	-88,651
Total	-17,781	393,365	4,821,630	681,409	5,878,623
FY2012 Total Incurred Claims (2)					
Bexar	105,331	6,925,781	17,814,207	9,456,394	34,301,713
Dallas	501,737	15,510,915	35,427,319	15,444,631	66,884,603
El Paso	24,585	2,492,066	6,805,092	3,681,263	13,003,006
Harris	665,763	30,740,907	74,969,498	37,535,167	143,911,335
Jefferson	23,878	1,278,920	2,551,620	1,380,039	5,234,457
Lubbock	17,005	1,874,302	3,787,929	2,327,041	8,006,277
Nueces	17,266	2,420,379	7,333,332	3,848,403	13,619,380
RSA	300,858	19,339,392	44,883,391	21,939,985	86,463,626
Tarrant	156,177	12,146,358	28,341,488	11,125,575	51,769,598
Travis	95,994	4,824,261	10,175,810	4,504,290	19,600,355
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
Adjustment Factor (3)					
Bexar	-2.29 %	1.64 %	3.68 %	3.60 %	3.23 %
Dallas	-0.01 %	0.10 %	1.37 %	-0.68 %	0.59 %
El Paso	0.00 %	-0.55 %	-0.58 %	-0.86 %	-0.65 %
Harris	2.31 %	2.97 %	3.16 %	1.51 %	2.69 %
Jefferson	-2.65 %	2.49 %	4.82 %	7.17 %	4.84 %
Lubbock	-2.75 %	0.48 %	-1.25 %	0.86 %	-0.23 %
Nueces	-6.41 %	-1.51 %	2.12 %	6.11 %	2.59 %
RSA	-15.59 %	-2.49 %	1.38 %	-1.35 %	-0.24 %
Tarrant	11.79 %	-0.02 %	1.35 %	-0.86 %	0.59 %
Travis	0.00 %	-3.22 %	1.16 %	-1.14 %	-0.45 %
Total	-0.93 %	0.40 %	2.08 %	0.61 %	1.33 %

Footnotes:

(1) Equals the additional cost resulting from APR-DRG Implementation

Includes application to children's hospitals and rural hospitals.

(2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).

(3) Additional cost divided by FY2012 Total Incurred Claims.



FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 Inpatient Hospital Outlier Payment Reduction

	Age Group				Total
	< 1	1-5	6-14	15-18	
<b>Provider Reimbursement Reduction (1)</b>					
Bexar	0	0	-21,305	-15,342	-36,648
Dallas	0	0	-171	-2,970	-3,141
El Paso	0	0	-5,798	-89	-5,886
Harris	0	-1,477	-25,344	-16,083	-42,904
Jefferson	0	-25	0	-7,668	-7,693
Lubbock	0	0	-1,029	-191	-1,220
Nueces	0	0	-296	-779	-1,075
RSA	0	-1,795	-26,072	-23,060	-50,926
Tarrant	0	0	-51,150	-8,360	-59,510
Travis	0	0	0	0	0
Total	0	-3,297	-131,165	-74,541	-209,003
<b>FY2012 Total Incurred Claims (2)</b>					
Bexar	105,331	6,925,781	17,814,207	9,456,394	34,301,713
Dallas	501,737	15,510,915	35,427,319	15,444,631	66,884,603
El Paso	24,585	2,492,066	6,805,092	3,681,263	13,003,006
Harris	665,763	30,740,907	74,969,498	37,535,167	143,911,335
Jefferson	23,878	1,278,920	2,551,620	1,380,039	5,234,457
Lubbock	17,005	1,874,302	3,787,929	2,327,041	8,006,277
Nueces	17,266	2,420,379	7,333,332	3,848,403	13,619,380
RSA	300,858	19,339,392	44,883,391	21,939,985	86,463,626
Tarrant	156,177	12,146,358	28,341,488	11,125,575	51,769,598
Travis	95,994	4,824,261	10,175,810	4,504,290	19,600,355
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
<b>Adjustment Factor (3)</b>					
Bexar	0.00 %	0.00 %	-0.12 %	-0.16 %	-0.11 %
Dallas	0.00 %	0.00 %	0.00 %	-0.02 %	0.00 %
El Paso	0.00 %	0.00 %	-0.09 %	0.00 %	-0.05 %
Harris	0.00 %	0.00 %	-0.03 %	-0.04 %	-0.03 %
Jefferson	0.00 %	0.00 %	0.00 %	-0.56 %	-0.15 %
Lubbock	0.00 %	0.00 %	-0.03 %	-0.01 %	-0.02 %
Nueces	0.00 %	0.00 %	0.00 %	-0.02 %	-0.01 %
RSA	0.00 %	-0.01 %	-0.06 %	-0.11 %	-0.06 %
Tarrant	0.00 %	0.00 %	-0.18 %	-0.08 %	-0.11 %
Travis	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Total	0.00 %	0.00 %	-0.06 %	-0.07 %	-0.05 %

Footnotes:

- (1) Equals the savings resulting from reducing outlier payment by ten percent.
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.

FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 5.3% Outpatient Hospital Reimbursement Reduction

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Bexar	-461	-49,688	-160,123	-91,954	-302,227
Dallas	-196	-24,111	-60,791	-42,656	-127,754
El Paso	-85	-8,054	-35,138	-24,104	-67,381
Harris	-2,007	-194,059	-569,210	-435,357	-1,200,632
Jefferson	-79	-7,203	-15,507	-12,668	-35,457
Lubbock	-38	-7,743	-15,705	-9,956	-33,442
Nueces	-5	-2,408	-7,997	-6,645	-17,055
RSA	-778	-74,254	-208,957	-131,055	-415,043
Tarrant	-285	-22,940	-89,186	-55,273	-167,684
Travis	-102	-8,351	-18,918	-15,166	-42,537
Total	-4,036	-398,812	-1,181,532	-824,834	-2,409,213
FY2012 Total Incurred Claims (2)					
Bexar	105,331	6,925,781	17,814,207	9,456,394	34,301,713
Dallas	501,737	15,510,915	35,427,319	15,444,631	66,884,603
El Paso	24,585	2,492,066	6,805,092	3,681,263	13,003,006
Harris	665,763	30,740,907	74,969,498	37,535,167	143,911,335
Jefferson	23,878	1,278,920	2,551,620	1,380,039	5,234,457
Lubbock	17,005	1,874,302	3,787,929	2,327,041	8,006,277
Nueces	17,266	2,420,379	7,333,332	3,848,403	13,619,380
RSA	300,858	19,339,392	44,883,391	21,939,985	86,463,626
Tarrant	156,177	12,146,358	28,341,488	11,125,575	51,769,598
Travis	95,994	4,824,261	10,175,810	4,504,290	19,600,355
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
Adjustment Factor (3)					
Bexar	-0.44 %	-0.72 %	-0.90 %	-0.97 %	-0.88 %
Dallas	-0.04 %	-0.16 %	-0.17 %	-0.28 %	-0.19 %
El Paso	-0.35 %	-0.32 %	-0.52 %	-0.65 %	-0.52 %
Harris	-0.30 %	-0.63 %	-0.76 %	-1.16 %	-0.83 %
Jefferson	-0.33 %	-0.56 %	-0.61 %	-0.92 %	-0.68 %
Lubbock	-0.22 %	-0.41 %	-0.41 %	-0.43 %	-0.42 %
Nueces	-0.03 %	-0.10 %	-0.11 %	-0.17 %	-0.13 %
RSA	-0.26 %	-0.38 %	-0.47 %	-0.60 %	-0.48 %
Tarrant	-0.18 %	-0.19 %	-0.31 %	-0.50 %	-0.32 %
Travis	-0.11 %	-0.17 %	-0.19 %	-0.34 %	-0.22 %
Total	-0.21 %	-0.41 %	-0.51 %	-0.74 %	-0.54 %

Footnotes:

- (1) Equals a 5.3% reimbursement reduction for outpatient services, except for clinical lab and outpatient imaging services  
 Reduction does not apply to children's hospital, rural hospitals, or state-owned teaching hospitals.
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.

FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 Outpatient Imaging Fee Schedule Change

	Age Group				Total
	< 1	1-5	6-14	15-18	
<b>Provider Reimbursement Reduction (1)</b>					
Bexar	-290	-28,947	-95,803	-44,668	-169,708
Dallas	-598	-59,951	-187,942	-76,043	-324,534
El Paso	-79	-12,061	-40,294	-25,389	-77,824
Harris	-3,027	-153,751	-396,744	-172,576	-726,098
Jefferson	-414	-5,836	-18,353	-8,890	-33,492
Lubbock	-79	-5,503	-16,630	-7,385	-29,598
Nueces	-155	-9,915	-45,044	-20,479	-75,593
RSA	-1,141	-94,523	-328,436	-159,671	-583,771
Tarrant	-724	-57,570	-150,784	-56,323	-265,401
Travis	-184	-10,597	-31,256	-12,321	-54,358
Total	-6,692	-438,654	-1,311,286	-583,745	-2,340,378
<b>FY2012 Total Incurred Claims (2)</b>					
Bexar	105,331	6,925,781	17,814,207	9,456,394	34,301,713
Dallas	501,737	15,510,915	35,427,319	15,444,631	66,884,603
El Paso	24,585	2,492,066	6,805,092	3,681,263	13,003,006
Harris	665,763	30,740,907	74,969,498	37,535,167	143,911,335
Jefferson	23,878	1,278,920	2,551,620	1,380,039	5,234,457
Lubbock	17,005	1,874,302	3,787,929	2,327,041	8,006,277
Nueces	17,266	2,420,379	7,333,332	3,848,403	13,619,380
RSA	300,858	19,339,392	44,883,391	21,939,985	86,463,626
Tarrant	156,177	12,146,358	28,341,488	11,125,575	51,769,598
Travis	95,994	4,824,261	10,175,810	4,504,290	19,600,355
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
<b>Adjustment Factor (3)</b>					
Bexar	-0.28 %	-0.42 %	-0.54 %	-0.47 %	-0.49 %
Dallas	-0.12 %	-0.39 %	-0.53 %	-0.49 %	-0.49 %
El Paso	-0.32 %	-0.48 %	-0.59 %	-0.69 %	-0.60 %
Harris	-0.45 %	-0.50 %	-0.53 %	-0.46 %	-0.50 %
Jefferson	-1.73 %	-0.46 %	-0.72 %	-0.64 %	-0.64 %
Lubbock	-0.47 %	-0.29 %	-0.44 %	-0.32 %	-0.37 %
Nueces	-0.90 %	-0.41 %	-0.61 %	-0.53 %	-0.56 %
RSA	-0.38 %	-0.49 %	-0.73 %	-0.73 %	-0.68 %
Tarrant	-0.46 %	-0.47 %	-0.53 %	-0.51 %	-0.51 %
Travis	-0.19 %	-0.22 %	-0.31 %	-0.27 %	-0.28 %
Total	-0.35 %	-0.45 %	-0.56 %	-0.52 %	-0.53 %

Footnotes:

(1) Equals the cost reduction resulting from limiting outpatient imaging to 125% of the reimbursement in a physician's office.

(2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).

(3) Additional cost divided by FY2012 Total Incurred Claims.

FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 Cost Share Increases

	Age Group				
	< 1	1-5	6-14	15-18	Total
Cost Share Reduction (1)					
Office Visit	-7,637	-390,343	-928,668	-445,119	-1,771,767
Non-Emergency ER	-1,825	-93,300	-221,970	-106,392	-423,488
Inpatient Hospital	-300	-15,320	-36,448	-17,470	-69,538
Cost-Sharing Limit	-954	-48,777	-116,045	-55,621	-221,397
Total	-10,716	-547,740	-1,303,131	-624,603	-2,486,190
FY2012 Total Incurred Claims (2)					
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
Adjustment Factor (3)					
Office Visit	-0.40 %	-0.40 %	-0.40 %	-0.40 %	-0.40 %
Non-Emergency ER	-0.10 %	-0.10 %	-0.10 %	-0.10 %	-0.10 %
Inpatient Hospital	-0.02 %	-0.02 %	-0.02 %	-0.02 %	-0.02 %
Cost-Sharing Limit	-0.05 %	-0.05 %	-0.05 %	-0.05 %	-0.05 %
Total	-0.56 %	-0.56 %	-0.56 %	-0.56 %	-0.56 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the revised cost sharing provisions to FY2012 health plan claims.
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.

FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 Durable Medical Equipment Fee Schedule Change

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Revision (1)					
Bexar	0	647	1,387	1,058	3,092
Dallas	0	5,506	5,616	662	11,784
El Paso	0	0	401	139	540
Harris	0	2,696	9,372	743	12,811
Jefferson	0	0	0	0	0
Lubbock	0	1,433	65	19	1,517
Nueces	0	51	2,700	32	2,784
RSA	0	6,675	5,317	1,398	13,390
Tarrant	0	2,473	3,395	21	5,889
Travis	0	8	1,131	62	1,201
Total	0	19,490	29,385	4,133	53,008
FY2012 Total Incurred Claims (2)					
Bexar	105,331	6,925,781	17,814,207	9,456,394	34,301,713
Dallas	501,737	15,510,915	35,427,319	15,444,631	66,884,603
El Paso	24,585	2,492,066	6,805,092	3,681,263	13,003,006
Harris	665,763	30,740,907	74,969,498	37,535,167	143,911,335
Jefferson	23,878	1,278,920	2,551,620	1,380,039	5,234,457
Lubbock	17,005	1,874,302	3,787,929	2,327,041	8,006,277
Nueces	17,266	2,420,379	7,333,332	3,848,403	13,619,380
RSA	300,858	19,339,392	44,883,391	21,939,985	86,463,626
Tarrant	156,177	12,146,358	28,341,488	11,125,575	51,769,598
Travis	95,994	4,824,261	10,175,810	4,504,290	19,600,355
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
Adjustment Factor (3)					
Bexar	0.00 %	0.01 %	0.01 %	0.01 %	0.01 %
Dallas	0.00 %	0.04 %	0.02 %	0.00 %	0.02 %
El Paso	0.00 %	0.00 %	0.01 %	0.00 %	0.00 %
Harris	0.00 %	0.01 %	0.01 %	0.00 %	0.01 %
Jefferson	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Lubbock	0.00 %	0.08 %	0.00 %	0.00 %	0.02 %
Nueces	0.00 %	0.00 %	0.04 %	0.00 %	0.02 %
RSA	0.00 %	0.03 %	0.01 %	0.01 %	0.02 %
Tarrant	0.00 %	0.02 %	0.01 %	0.00 %	0.01 %
Travis	0.00 %	0.00 %	0.01 %	0.00 %	0.01 %
Total	0.00 %	0.02 %	0.01 %	0.00 %	0.01 %

Footnotes:

- (1) Equals the difference in cost from revising the durable medical equipment fee schedule.
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.

FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 Non-Emergent Emergency Room Reduction - 36 Hour Limitation

	Age Group				
	< 1	1-5	6-14	15-18	Total
<b>Provider Reimbursement Reduction (1)</b>					
Bexar	0	-10,494	-15,472	-8,310	-34,276
Dallas	-326	-7,389	-11,594	-6,311	-25,621
El Paso	0	-2,461	-4,857	-3,081	-10,399
Harris	0	-24,467	-45,153	-15,793	-85,413
Jefferson	0	-175	-762	-1,146	-2,083
Lubbock	0	-1,108	-1,872	-410	-3,390
Nueces	0	-227	-1,113	-992	-2,332
RSA	-20	-6,582	-9,186	-6,060	-21,847
Tarrant	0	-5,568	-5,901	-4,516	-15,985
Travis	0	-4,077	-4,829	-2,690	-11,596
Total	-347	-62,548	-100,739	-49,309	-212,941
<b>FY2012 Total Incurred Claims (2)</b>					
Bexar	105,331	6,925,781	17,814,207	9,456,394	34,301,713
Dallas	501,737	15,510,915	35,427,319	15,444,631	66,884,603
El Paso	24,585	2,492,066	6,805,092	3,681,263	13,003,006
Harris	665,763	30,740,907	74,969,498	37,535,167	143,911,335
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Tarrant	156,177	12,146,358	28,341,488	11,125,575	51,769,598
Travis	95,994	4,824,261	10,175,810	4,504,290	19,600,355
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
<b>Adjustment Factor (3)</b>					
Bexar	0.00 %	-0.15 %	-0.09 %	-0.09 %	-0.10 %
Dallas	-0.07 %	-0.05 %	-0.03 %	-0.04 %	-0.04 %
El Paso	0.00 %	-0.10 %	-0.07 %	-0.08 %	-0.08 %
Harris	0.00 %	-0.08 %	-0.06 %	-0.04 %	-0.06 %
Jefferson	0.00 %	-0.01 %	-0.03 %	-0.08 %	-0.04 %
Lubbock	0.00 %	-0.06 %	-0.05 %	-0.02 %	-0.04 %
Nueces	0.00 %	-0.01 %	-0.02 %	-0.03 %	-0.02 %
RSA	-0.01 %	-0.03 %	-0.02 %	-0.03 %	-0.03 %
Tarrant	0.00 %	-0.05 %	-0.02 %	-0.04 %	-0.03 %
Travis	0.00 %	-0.08 %	-0.05 %	-0.06 %	-0.06 %
Total	-0.02 %	-0.06 %	-0.04 %	-0.04 %	-0.05 %

Footnotes:

- (1) Equals the cost reduction for multiple visits within a 36-hour period for non-emergency visits.
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.

FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 Non-Emergent Emergency Room Reduction - Flat Fee

	Age Group				
	< 1	1-5	6-14	15-18	Total
<b>Provider Reimbursement Reduction (1)</b>					
Bexar	-440	-76,693	-195,403	-60,612	-333,148
Dallas	-738	-91,404	-175,997	-39,955	-308,094
El Paso	-103	-9,252	-36,155	-18,513	-64,023
Harris	-1,351	-159,399	-303,924	-87,139	-551,813
Jefferson	0	-2,240	-4,334	-2,657	-9,230
Lubbock	-76	-6,070	-12,216	-4,795	-23,157
Nueces	0	-23,444	-61,034	-19,379	-103,857
RSA	-140	-18,585	-59,500	-23,352	-101,578
Tarrant	-314	-35,570	-78,066	-17,406	-131,356
Travis	-392	-21,369	-49,504	-16,785	-88,050
Total	-3,554	-444,025	-976,134	-290,593	-1,714,306
<b>FY2012 Total Incurred Claims (2)</b>					
Bexar	105,331	6,925,781	17,814,207	9,456,394	34,301,713
Dallas	501,737	15,510,915	35,427,319	15,444,631	66,884,603
El Paso	24,585	2,492,066	6,805,092	3,681,263	13,003,006
Harris	665,763	30,740,907	74,969,498	37,535,167	143,911,335
Jefferson	23,878	1,278,920	2,551,620	1,380,039	5,234,457
Lubbock	17,005	1,874,302	3,787,929	2,327,041	8,006,277
Nueces	17,266	2,420,379	7,333,332	3,848,403	13,619,380
RSA	300,858	19,339,392	44,883,391	21,939,985	86,463,626
Tarrant	156,177	12,146,358	28,341,488	11,125,575	51,769,598
Travis	95,994	4,824,261	10,175,810	4,504,290	19,600,355
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
<b>Adjustment Factor (3)</b>					
Bexar	-0.42 %	-1.11 %	-1.10 %	-0.64 %	-0.97 %
Dallas	-0.15 %	-0.59 %	-0.50 %	-0.26 %	-0.46 %
El Paso	-0.42 %	-0.37 %	-0.53 %	-0.50 %	-0.49 %
Harris	-0.20 %	-0.52 %	-0.41 %	-0.23 %	-0.38 %
Jefferson	0.00 %	-0.18 %	-0.17 %	-0.19 %	-0.18 %
Lubbock	-0.45 %	-0.32 %	-0.32 %	-0.21 %	-0.29 %
Nueces	0.00 %	-0.97 %	-0.83 %	-0.50 %	-0.76 %
RSA	-0.05 %	-0.10 %	-0.13 %	-0.11 %	-0.12 %
Tarrant	-0.20 %	-0.29 %	-0.28 %	-0.16 %	-0.25 %
Travis	-0.41 %	-0.44 %	-0.49 %	-0.37 %	-0.45 %
Total	-0.19 %	-0.46 %	-0.42 %	-0.26 %	-0.39 %

Footnotes:

- (1) Equals the cost reduction resulting from using a flat fee of \$51.36 for non-emergency visits.
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.

FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 5% Ambulance Reimbursement Reduction

	Age Group				Total
	< 1	1-5	6-14	15-18	
<b>Provider Reimbursement Reduction (1)</b>					
Bexar	-19	-1,982	-6,639	-5,234	-13,874
Dallas	-19	-1,889	-5,938	-4,486	-12,331
El Paso	0	-392	-2,214	-1,383	-3,989
Harris	-150	-7,258	-16,636	-11,578	-35,622
Jefferson	0	-65	-832	-345	-1,241
Lubbock	0	-1,050	-995	-1,186	-3,231
Nueces	0	-1,005	-2,179	-1,456	-4,639
RSA	-454	-8,881	-22,381	-17,144	-48,859
Tarrant	0	-2,332	-6,531	-5,254	-14,117
Travis	-239	-3,418	-8,458	-7,160	-19,276
Total	-881	-28,272	-72,801	-55,225	-157,179
<b>FY2012 Total Incurred Claims (2)</b>					
Bexar	105,331	6,925,781	17,814,207	9,456,394	34,301,713
Dallas	501,737	15,510,915	35,427,319	15,444,631	66,884,603
El Paso	24,585	2,492,066	6,805,092	3,681,263	13,003,006
Harris	665,763	30,740,907	74,969,498	37,535,167	143,911,335
Jefferson	23,878	1,278,920	2,551,620	1,380,039	5,234,457
Lubbock	17,005	1,874,302	3,787,929	2,327,041	8,006,277
Nueces	17,266	2,420,379	7,333,332	3,848,403	13,619,380
RSA	300,858	19,339,392	44,883,391	21,939,985	86,463,626
Tarrant	156,177	12,146,358	28,341,488	11,125,575	51,769,598
Travis	95,994	4,824,261	10,175,810	4,504,290	19,600,355
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
<b>Adjustment Factor (3)</b>					
Bexar	-0.02 %	-0.03 %	-0.04 %	-0.06 %	-0.04 %
Dallas	0.00 %	-0.01 %	-0.02 %	-0.03 %	-0.02 %
El Paso	0.00 %	-0.02 %	-0.03 %	-0.04 %	-0.03 %
Harris	-0.02 %	-0.02 %	-0.02 %	-0.03 %	-0.02 %
Jefferson	0.00 %	-0.01 %	-0.03 %	-0.02 %	-0.02 %
Lubbock	0.00 %	-0.06 %	-0.03 %	-0.05 %	-0.04 %
Nueces	0.00 %	-0.04 %	-0.03 %	-0.04 %	-0.03 %
RSA	-0.15 %	-0.05 %	-0.05 %	-0.08 %	-0.06 %
Tarrant	0.00 %	-0.02 %	-0.02 %	-0.05 %	-0.03 %
Travis	-0.25 %	-0.07 %	-0.08 %	-0.16 %	-0.10 %
Total	-0.05 %	-0.03 %	-0.03 %	-0.05 %	-0.04 %

Footnotes:

- (1) Equals the cost reduction resulting from reducing ambulance reimbursement by 5%.
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.



FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 Therapy Reduction

	Age Group				
	< 1	1-5	6-14	15-18	Total
<b>Provider Reimbursement Reduction (1)</b>					
Bexar	-44	-48,687	-37,137	-10,317	-96,184
Dallas	-150	-57,562	-38,470	-3,627	-99,809
El Paso	-11	-34,127	-35,400	-12,430	-81,969
Harris	-486	-209,318	-190,358	-17,059	-417,221
Jefferson	-345	-2,951	-2,931	-942	-7,169
Lubbock	0	-13,871	-10,627	-680	-25,178
Nueces	0	-6,503	-9,621	-8,042	-24,166
RSA	-139	-181,474	-170,401	-38,550	-390,565
Tarrant	-141	-91,124	-42,196	-6,574	-140,036
Travis	-40	-28,249	-24,769	-5,095	-58,153
Total	-1,357	-673,866	-561,910	-103,317	-1,340,451
<b>FY2012 Total Incurred Claims (2)</b>					
Bexar	105,331	6,925,781	17,814,207	9,456,394	34,301,713
Dallas	501,737	15,510,915	35,427,319	15,444,631	66,884,603
El Paso	24,585	2,492,066	6,805,092	3,681,263	13,003,006
Harris	665,763	30,740,907	74,969,498	37,535,167	143,911,335
Jefferson	23,878	1,278,920	2,551,620	1,380,039	5,234,457
Lubbock	17,005	1,874,302	3,787,929	2,327,041	8,006,277
Nueces	17,266	2,420,379	7,333,332	3,848,403	13,619,380
RSA	300,858	19,339,392	44,883,391	21,939,985	86,463,626
Tarrant	156,177	12,146,358	28,341,488	11,125,575	51,769,598
Travis	95,994	4,824,261	10,175,810	4,504,290	19,600,355
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
<b>Adjustment Factor (3)</b>					
Bexar	-0.04 %	-0.70 %	-0.21 %	-0.11 %	-0.28 %
Dallas	-0.03 %	-0.37 %	-0.11 %	-0.02 %	-0.15 %
El Paso	-0.05 %	-1.37 %	-0.52 %	-0.34 %	-0.63 %
Harris	-0.07 %	-0.68 %	-0.25 %	-0.05 %	-0.29 %
Jefferson	-1.44 %	-0.23 %	-0.11 %	-0.07 %	-0.14 %
Lubbock	0.00 %	-0.74 %	-0.28 %	-0.03 %	-0.31 %
Nueces	0.00 %	-0.27 %	-0.13 %	-0.21 %	-0.18 %
RSA	-0.05 %	-0.94 %	-0.38 %	-0.18 %	-0.45 %
Tarrant	-0.09 %	-0.75 %	-0.15 %	-0.06 %	-0.27 %
Travis	-0.04 %	-0.59 %	-0.24 %	-0.11 %	-0.30 %
Total	-0.07 %	-0.69 %	-0.24 %	-0.09 %	-0.30 %

Footnotes:

- (1) Equals the savings resulting from therapy reimbursement reduction effective 3/1/12 and 9/1/13.
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.

FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 Potentially Preventable Readmissions (PPR)

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Bexar	0	0	-5,428	-3,773	-9,202
Dallas	0	-149	-3,541	-3,407	-7,097
El Paso	0	0	0	-246	-246
Harris	0	-3,448	-12,458	-10,868	-26,774
Jefferson	0	0	-214	-933	-1,147
Lubbock	0	-248	-1,725	-1,197	-3,170
Nueces	0	-38	-80	-479	-596
RSA	-16	-1,539	-3,568	-4,160	-9,282
Tarrant	0	0	-3,870	-2,505	-6,375
Travis	0	-27	-384	-789	-1,200
Total	-16	-5,448	-31,267	-28,358	-65,090
FY2012 Total Incurred Claims (2)					
Bexar	105,331	6,925,781	17,814,207	9,456,394	34,301,713
Dallas	501,737	15,510,915	35,427,319	15,444,631	66,884,603
El Paso	24,585	2,492,066	6,805,092	3,681,263	13,003,006
Harris	665,763	30,740,907	74,969,498	37,535,167	143,911,335
Jefferson	23,878	1,278,920	2,551,620	1,380,039	5,234,457
Lubbock	17,005	1,874,302	3,787,929	2,327,041	8,006,277
Nueces	17,266	2,420,379	7,333,332	3,848,403	13,619,380
RSA	300,858	19,339,392	44,883,391	21,939,985	86,463,626
Tarrant	156,177	12,146,358	28,341,488	11,125,575	51,769,598
Travis	95,994	4,824,261	10,175,810	4,504,290	19,600,355
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
Adjustment Factor (3)					
Bexar	0.00 %	0.00 %	-0.03 %	-0.04 %	-0.03 %
Dallas	0.00 %	0.00 %	-0.01 %	-0.02 %	-0.01 %
El Paso	0.00 %	0.00 %	0.00 %	-0.01 %	0.00 %
Harris	0.00 %	-0.01 %	-0.02 %	-0.03 %	-0.02 %
Jefferson	0.00 %	0.00 %	-0.01 %	-0.07 %	-0.02 %
Lubbock	0.00 %	-0.01 %	-0.05 %	-0.05 %	-0.04 %
Nueces	0.00 %	0.00 %	0.00 %	-0.01 %	0.00 %
RSA	-0.01 %	-0.01 %	-0.01 %	-0.02 %	-0.01 %
Tarrant	0.00 %	0.00 %	-0.01 %	-0.02 %	-0.01 %
Travis	0.00 %	0.00 %	0.00 %	-0.02 %	-0.01 %
Total	0.00 %	-0.01 %	-0.01 %	-0.03 %	-0.01 %

Footnotes:

- (1) Equals the savings resulting from reducing reimbursement for potentially preventable readmissions (PPR).
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.

FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 Related Party Adjustments

	<u>&lt; 1</u>	<u>1-5</u>	<u>Age Group 6-14</u>	<u>15-18</u>	<u>Total</u>
<b>Provider Reimbursement Reduction (1)</b>					
CFHP - Bexar	-9	-3,906	-34,948	-37,230	-76,093
Parkland - Dallas	-524	-55,060	-107,457	-94,347	-257,389
CHC - Harris	-1	-1,178	-3,037	-2,621	-6,838
TCHP - Harris	-21,857	-1,319,029	-3,909,995	-1,693,237	-6,944,119
CHC - Jefferson	0	-2	-28	-11	-41
TCHP - Jefferson	0	-58,437	-79,376	-35,666	-173,478
All Others	0	0	0	0	0
Total	-22,392	-1,437,612	-4,134,842	-1,863,112	-7,457,958
<b>FY2012 Total Incurred Claims (2)</b>					
CFHP - Bexar	48,729	4,192,233	12,670,287	6,744,522	23,655,771
Parkland - Dallas	68,120	7,607,944	16,576,588	7,141,650	31,394,302
CHC - Harris	167,432	7,162,118	12,746,553	6,411,080	26,487,183
TCHP - Harris	368,960	19,430,020	50,405,524	23,342,366	93,546,870
CHC - Jefferson	1,510	175,487	437,101	123,487	737,585
TCHP - Jefferson	13,562	705,867	1,365,335	793,571	2,878,334
All Others	1,240,282	58,279,611	137,888,298	66,686,114	264,094,305
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
<b>Adjustment Factor (3)</b>					
CFHP - Bexar	-0.02 %	-0.09 %	-0.28 %	-0.55 %	-0.32 %
Parkland - Dallas	-0.77 %	-0.72 %	-0.65 %	-1.32 %	-0.82 %
CHC - Harris	0.00 %	-0.02 %	-0.02 %	-0.04 %	-0.03 %
TCHP - Harris	-5.92 %	-6.79 %	-7.76 %	-7.25 %	-7.42 %
CHC - Jefferson	0.00 %	0.00 %	-0.01 %	-0.01 %	-0.01 %
TCHP - Jefferson	0.00 %	-8.28 %	-5.81 %	-4.49 %	-6.03 %
All Others	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Total	-1.17 %	-1.47 %	-1.78 %	-1.67 %	-1.68 %

## Footnotes:

- (1) Equals the cost adjustment resulting from disallowing any payments made to a related party in excess of 100% of Medicaid.
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.

FY2014 CHIP Rating  
 Provider Reimbursement Adjustments  
 Reduction of Medicaid Rates in Excess of Medicare

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Bexar	-311	-21,877	-3,624	-448	-26,260
Dallas	-330	-34,004	-5,704	-264	-40,302
El Paso	-102	-10,489	-783	-76	-11,450
Harris	-1,211	-100,625	-3,618	-763	-106,217
Jefferson	-14	-3,713	-235	-6	-3,967
Lubbock	-43	-8,107	-389	-59	-8,597
Nueces	-77	-7,400	-371	-236	-8,083
RSA	-1,155	-65,019	-5,029	-1,220	-72,423
Tarrant	-377	-29,290	-2,504	-344	-32,515
Travis	-355	-23,855	-1,445	-515	-26,171
Total	-3,974	-304,377	-23,702	-3,930	-335,984
FY2012 Total Incurred Claims (2)					
Bexar	105,331	6,925,781	17,814,207	9,456,394	34,301,713
Dallas	501,737	15,510,915	35,427,319	15,444,631	66,884,603
El Paso	24,585	2,492,066	6,805,092	3,681,263	13,003,006
Harris	665,763	30,740,907	74,969,498	37,535,167	143,911,335
Jefferson	23,878	1,278,920	2,551,620	1,380,039	5,234,457
Lubbock	17,005	1,874,302	3,787,929	2,327,041	8,006,277
Nueces	17,266	2,420,379	7,333,332	3,848,403	13,619,380
RSA	300,858	19,339,392	44,883,391	21,939,985	86,463,626
Tarrant	156,177	12,146,358	28,341,488	11,125,575	51,769,598
Travis	95,994	4,824,261	10,175,810	4,504,290	19,600,355
Total	1,908,594	97,553,281	232,089,686	111,242,789	442,794,349
Adjustment Factor (3)					
Bexar	-0.30 %	-0.32 %	-0.02 %	0.00 %	-0.08 %
Dallas	-0.07 %	-0.22 %	-0.02 %	0.00 %	-0.06 %
El Paso	-0.42 %	-0.42 %	-0.01 %	0.00 %	-0.09 %
Harris	-0.18 %	-0.33 %	0.00 %	0.00 %	-0.07 %
Jefferson	-0.06 %	-0.29 %	-0.01 %	0.00 %	-0.08 %
Lubbock	-0.25 %	-0.43 %	-0.01 %	0.00 %	-0.11 %
Nueces	-0.45 %	-0.31 %	-0.01 %	-0.01 %	-0.06 %
RSA	-0.38 %	-0.34 %	-0.01 %	-0.01 %	-0.08 %
Tarrant	-0.24 %	-0.24 %	-0.01 %	0.00 %	-0.06 %
Travis	-0.37 %	-0.49 %	-0.01 %	-0.01 %	-0.13 %
Total	-0.21 %	-0.31 %	-0.01 %	0.00 %	-0.08 %

Footnotes:

- (1) Equals the savings resulting from reducing Medicaid reimbursement in excess of Medicare to Medicare Reimbursement
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.

## *Attachment 5*

### Acuity Risk Adjustment

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

The column titled Case Mix on the chart is the acuity risk adjustment factor. It is the ratio of the predicted average cost of the individual health plan's membership divided by the predicted average cost of the entire service area's membership. The risk adjustment factor is applied to the community rate for each health plan and age group. If necessary, an additional adjustment was made to the risk adjusted community rates to ensure that, in total, they produce the same premium as the community rates.

The risk adjustment factors determined by ICHP for the Under Age 1 category were not applied in developing the FY2014 premium rates due to the relative small size of this category and the resulting variation in acuity scores.

Any plan new to an existing service area effective March 1, 2012 received 50% of their calculated risk adjustment factor. These plans have not had the full risk adjustment applied due to the tendency of a plan new to an existing service area to gravitate towards a risk adjustment factor of 1.0 in the periods following their initial enrollment.

In addition, the following changes were made to the ICHP methodology and implemented in the FY2014 rate development:

- Both medical and pharmacy encounter claims were included in the acuity analysis.
- The enrollment criteria were relaxed to five months for the expansion areas and health plans new to the program effective March 1, 2012.
- The acuity risk adjustment analysis used CDPS version 5.3

**TEXAS CHIP CDPS SDA/Health Plan Risk**  
**Reporting Period: September 1, 2011 to August 31, 2012**

TEXAS CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
<b>CDPS</b>						
<b>TEXAS CHIP(Less than 1 Year)</b>	905	100.00	154.59	154.59	1.00	1.00
<b>Bexar</b>	48	100.00	93.42	124.86	1.00	0.75
Aetna	6	12.50	54.19	115.97	0.93	0.47
Amerigroup	8	16.67	72.85	134.21	1.07	0.54
Community First	27	56.25	85.32	117.88	0.94	0.72
Superior	7	14.58	175.20	151.96	1.22	1.15
<b>Dallas</b>	121	100.00	105.26	148.31	1.00	0.71
Amerigroup	47	38.84	105.23	160.53	1.08	0.66
Molina	19	15.70	99.80	128.12	0.86	0.78
Parkland	55	45.45	106.77	143.84	0.97	0.74
<b>El Paso</b>	29	100.00	91.29	239.35	1.00	0.38
El Paso First	14	48.28	129.14	355.01	1.48	0.36
Superior	15	51.72	52.04	119.41	0.50	0.44
<b>Harris</b>	256	100.00	235.25	164.35	1.00	1.43
Amerigroup	14	5.47	1006.35	120.02	0.73	8.38
Community Health Choice	64	25.00	178.30	122.04	0.74	1.46
Molina	2	0.78	57.45	63.87	0.39	0.90
Texas Children's	149	58.20	217.43	178.39	1.09	1.22
UnitedHealthCare	27	10.55	193.20	194.04	1.18	1.00
<b>Jefferson</b>	15	100.00	368.46	233.63	1.00	1.58
Amerigroup	0	0.00	0.00	0.00	0.00	0.00
Community Health Choice	2	13.33	47.37	63.87	0.27	0.74
Molina	0	0.00	0.00	0.00	0.00	0.00
Texas Children's	7	46.67	525.15	311.43	1.33	1.69
UnitedHealthCare	6	40.00	195.43	151.04	0.65	1.29
<b>Lubbock</b>	18	100.00	53.62	111.08	1.00	0.48
FirstCare	8	44.44	42.93	131.92	1.19	0.33
Superior	10	55.56	62.44	93.86	0.85	0.67
<b>Nueces</b>	15	100.00	163.40	125.51	1.00	1.30
Christus	2	13.33	0.00	63.87	0.51	0.00
Driscoll	10	66.67	198.32	155.58	1.24	1.27
Superior	3	20.00	102.01	63.87	0.51	1.60
<b>RSA</b>	199	100.00	176.95	174.50	1.00	1.01
Molina	104	52.26	96.39	134.16	0.77	0.72
Superior	95	47.74	273.81	223.00	1.28	1.23
<b>Tarrant</b>	120	100.00	67.42	106.78	1.00	0.63
Aetna	23	19.17	51.48	63.87	0.60	0.81
Amerigroup	16	13.33	49.84	92.28	0.86	0.54
Cook Children's	81	67.50	74.42	119.70	1.12	0.62
<b>Travis</b>	84	100.00	71.23	141.62	1.00	0.50
Blue Cross Blue Shield	9	10.71	40.72	63.87	0.45	0.64
Sendero	4	4.76	105.11	137.91	0.97	0.76
Seton	46	54.76	69.69	178.12	1.26	0.39
Superior	25	29.76	75.65	90.06	0.64	0.84

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). The enrollment criteria are relaxed to 5 months for the expansion areas and health plan new to the program effective March 1, 2012.

**TEXAS CHIP CDPS SDA/Health Plan Risk**  
**Reporting Period: September 1, 2011 to August 31, 2012**

TEXAS CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
<b>CDPS</b>						
<b>TEXAS CHIP (Age 1 to 5)</b>	87,648	100.00	107.77	107.77	1.00	1.00
<b>Bexar</b>	6,722	100.00	97.21	105.09	1.00	0.93
Aetna	948	14.10	81.67	91.44	0.87	0.89
Amerigroup	157	2.34	55.59	57.77	0.55	0.96
Community First	3,831	56.99	101.13	105.01	1.00	0.96
Superior	1,786	26.57	99.12	115.02	1.09	0.86
<b>Dallas</b>	12,811	100.00	125.50	111.91	1.00	1.12
Amerigroup	6,287	49.08	113.45	107.24	0.96	1.06
Molina	721	5.63	247.52	124.30	1.11	1.99
Parkland	5,803	45.30	125.13	115.59	1.03	1.08
<b>El Paso</b>	2,860	100.00	87.21	103.16	1.00	0.85
El Paso First	1,767	61.78	88.13	105.51	1.02	0.84
Superior	1,093	38.22	85.71	99.33	0.96	0.86
<b>Harris</b>	23,461	100.00	119.27	105.45	1.00	1.13
Amerigroup	2,134	9.10	108.34	107.01	1.01	1.01
Community Health Choice	6,529	27.83	106.20	97.12	0.92	1.09
Molina	425	1.81	78.60	99.58	0.94	0.79
Texas Children's	12,831	54.69	134.22	111.72	1.06	1.20
UnitedHealthCare	1,542	6.57	75.31	87.74	0.83	0.86
<b>Jefferson</b>	2,229	100.00	97.82	119.05	1.00	0.82
Amerigroup	34	1.53	69.35	96.84	0.81	0.72
Community Health Choice	436	19.56	89.48	114.06	0.96	0.78
Molina	30	1.35	59.05	61.12	0.51	0.97
Texas Children's	1,154	51.77	108.77	123.94	1.04	0.88
UnitedHealthCare	575	25.80	85.36	116.34	0.98	0.73
<b>Lubbock</b>	2,373	100.00	75.84	109.05	1.00	0.70
FirstCare	983	41.42	86.71	123.48	1.13	0.70
Superior	1,390	58.58	68.12	98.79	0.91	0.69
<b>Nueces</b>	2,097	100.00	115.83	115.29	1.00	1.00
Christus	97	4.63	97.00	107.02	0.93	0.91
Driscoll	1,667	79.49	118.30	116.22	1.01	1.02
Superior	333	15.88	107.90	112.58	0.98	0.96
<b>RSA</b>	19,634	100.00	96.70	106.12	1.00	0.91
Molina	9,880	50.32	84.08	98.79	0.93	0.85
Superior	9,754	49.68	109.26	113.41	1.07	0.96
<b>Tarrant</b>	9,893	100.00	114.78	110.14	1.00	1.04
Aetna	1,202	12.15	98.29	98.23	0.89	1.00
Amerigroup	3,158	31.92	79.84	96.23	0.87	0.83
Cook Children's	5,533	55.93	138.06	120.54	1.09	1.15
<b>Travis</b>	5,568	100.00	82.46	107.55	1.00	0.77
Blue Cross Blue Shield	182	3.27	223.89	76.36	0.71	2.93
Sendero	76	1.36	64.35	135.15	1.26	0.48
Seton	2,817	50.59	63.63	110.85	1.03	0.57
Superior	2,493	44.77	97.00	104.86	0.97	0.93

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). The enrollment criteria are relaxed to 5 months for the expansion areas and health plan new to the program effective March 1, 2012.

**TEXAS CHIP CDPS SDA/Health Plan Risk**  
**Reporting Period: September 1, 2011 to August 31, 2012**

TEXAS CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
<b>CDPS</b>						
<b>TEXAS CHIP (Age 6 to 14)</b>	347,704	100.00	84.93	84.93	1.00	1.00
<b>Bexar</b>	29,014	100.00	82.59	88.43	1.00	0.93
Aetna	3,806	13.12	60.43	75.23	0.85	0.80
Amerigroup	848	2.92	40.68	52.79	0.60	0.77
Community First	17,172	59.19	91.55	92.10	1.04	0.99
Superior	7,188	24.77	75.43	88.96	1.01	0.85
<b>Dallas</b>	52,033	100.00	84.15	81.40	1.00	1.03
Amerigroup	26,888	51.67	77.82	81.21	1.00	0.96
Molina	3,430	6.59	55.08	53.54	0.66	1.03
Parkland	21,715	41.73	95.92	85.46	1.05	1.12
<b>El Paso</b>	13,932	100.00	63.78	83.36	1.00	0.77
El Paso First	8,750	62.81	61.47	81.27	0.98	0.76
Superior	5,182	37.19	67.75	86.93	1.04	0.78
<b>Harris</b>	88,912	100.00	95.38	80.01	1.00	1.19
Amerigroup	9,537	10.73	93.77	80.85	1.01	1.16
Community Health Choice	20,125	22.63	75.98	63.34	0.79	1.20
Molina	1,808	2.03	69.36	73.82	0.92	0.94
Texas Children's	49,342	55.50	109.77	88.90	1.11	1.23
UnitedHealthCare	8,100	9.11	62.15	66.77	0.83	0.93
<b>Jefferson</b>	7,844	100.00	85.98	93.29	1.00	0.92
Amerigroup	116	1.48	314.85	130.81	1.40	2.41
Community Health Choice	1,101	14.04	88.53	71.15	0.76	1.24
Molina	147	1.87	62.51	65.46	0.70	0.95
Texas Children's	4,238	54.03	85.88	102.84	1.10	0.84
UnitedHealthCare	2,242	28.58	78.41	85.94	0.92	0.91
<b>Lubbock</b>	8,585	100.00	67.29	81.81	1.00	0.82
FirstCare	3,515	40.94	78.64	91.35	1.12	0.86
Superior	5,070	59.06	59.29	75.08	0.92	0.79
<b>Nueces</b>	8,966	100.00	103.38	95.79	1.00	1.08
Christus	525	5.86	83.10	69.33	0.72	1.20
Driscoll	7,368	82.18	106.62	97.39	1.02	1.09
Superior	1,073	11.97	88.28	94.61	0.99	0.93
<b>RSA</b>	81,653	100.00	78.55	88.35	1.00	0.89
Molina	39,448	48.31	71.45	79.87	0.90	0.89
Superior	42,205	51.69	85.08	96.16	1.09	0.88
<b>Tarrant</b>	36,731	100.00	94.21	89.62	1.00	1.05
Aetna	4,096	11.15	93.52	71.73	0.80	1.30
Amerigroup	11,394	31.02	79.64	78.73	0.88	1.01
Cook Children's	21,241	57.83	102.06	98.75	1.10	1.03
<b>Travis</b>	20,034	100.00	66.32	82.87	1.00	0.80
Blue Cross Blue Shield	690	3.44	61.59	86.96	1.05	0.71
Sendero	344	1.72	54.79	45.19	0.55	1.21
Seton	11,155	55.68	58.75	84.24	1.02	0.70
Superior	7,845	39.16	77.98	81.60	0.98	0.96

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). The enrollment criteria are relaxed to 5 months for the expansion areas and health plan new to the program effective March 1, 2012.



**TEXAS CHIP CDPS SDA/Health Plan Risk**  
**Reporting Period: September 1, 2011 to August 31, 2012**

<b>TEXAS CHIP</b>						
<b>SDA/Health Plan</b>	<b>Number of Enrollees</b>	<b>Percent Affected</b>	<b>Actual PMPM Expenditures Based on Paid Amounts</b>	<b>Predicted PMPM Payment</b>	<b>Case Mix</b>	<b>Spend Ratio</b>
<b>CDPS</b>						
<b>TEXAS CHIP (Age 15 to 18)</b>	146,623	100.00	105.01	105.01	1.00	1.00
<b>Bexar</b>	13,202	100.00	102.18	104.22	1.00	0.98
Aetna	2,127	16.11	85.83	99.45	0.95	0.86
Amerigroup	278	2.11	27.59	49.50	0.47	0.56
Community First	7,586	57.46	116.27	103.21	0.99	1.13
Superior	3,211	24.32	82.97	112.45	1.08	0.74
<b>Dallas</b>	20,683	100.00	101.84	94.80	1.00	1.07
Amerigroup	10,702	51.74	90.54	93.57	0.99	0.97
Molina	1,636	7.91	65.56	71.81	0.76	0.91
Parkland	8,345	40.35	122.70	100.43	1.06	1.22
<b>El Paso</b>	7,349	100.00	72.09	101.52	1.00	0.71
El Paso First	4,861	66.15	72.81	100.45	0.99	0.72
Superior	2,488	33.85	70.64	103.65	1.02	0.68
<b>Harris</b>	36,968	100.00	121.99	101.71	1.00	1.20
Amerigroup	4,333	11.72	98.46	94.59	0.93	1.04
Community Health Choice	7,776	21.03	102.02	84.60	0.83	1.21
Molina	977	2.64	89.32	80.93	0.80	1.10
Texas Children's	19,226	52.01	145.46	111.44	1.10	1.31
UnitedHealthCare	4,656	12.59	86.02	100.41	0.99	0.86
<b>Jefferson</b>	3,368	100.00	101.79	112.05	1.00	0.91
Amerigroup	44	1.31	35.30	108.97	0.97	0.32
Community Health Choice	375	11.13	92.91	118.94	1.06	0.78
Molina	53	1.57	36.07	89.26	0.80	0.40
Texas Children's	1,782	52.91	95.79	108.69	0.97	0.88
UnitedHealthCare	1,114	33.08	117.44	115.90	1.03	1.01
<b>Lubbock</b>	3,428	100.00	101.81	110.56	1.00	0.92
FirstCare	1,484	43.29	136.56	142.80	1.29	0.96
Superior	1,944	56.71	74.56	85.28	0.77	0.87
<b>Nueces</b>	4,216	100.00	124.04	119.30	1.00	1.04
Christus	243	5.76	51.61	62.25	0.52	0.83
Driscoll	3,487	82.71	133.28	125.45	1.05	1.06
Superior	486	11.53	84.42	96.34	0.81	0.88
<b>RSA</b>	35,974	100.00	92.47	108.98	1.00	0.85
Molina	17,256	47.97	90.01	99.78	0.92	0.90
Superior	18,718	52.03	94.71	117.36	1.08	0.81
<b>Tarrant</b>	13,840	100.00	120.23	112.31	1.00	1.07
Aetna	1,876	13.55	102.68	95.30	0.85	1.08
Amerigroup	3,628	26.21	100.98	98.31	0.88	1.03
Cook Children's	8,336	60.23	132.17	121.93	1.09	1.08
<b>Travis</b>	7,595	100.00	91.72	108.11	1.00	0.85
Blue Cross Blue Shield	241	3.17	107.38	66.40	0.61	1.62
Sendero	110	1.45	70.88	58.05	0.54	1.22
Seton	4,883	64.29	93.53	107.53	0.99	0.87
Superior	2,361	31.09	87.29	113.74	1.05	0.77

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). The enrollment criteria are relaxed to 5 months for the expansion areas and health plan new to the program effective March 1, 2012.

## *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.

The CHIP benefits provided to expectant mothers are more limited in scope. They include the professional component of delivery services (for those clients under 185% FPL) and limited prenatal and post-natal services only.

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

The CHIP Perinatal FY2014 premium rates were derived using a methodology very similar to that described in Section II above for CHIP. Below is a description of the trend, benefit and provider reimbursement adjustments, risk adjustment and administrative cost provisions included in the CHIP Perinatal rates.

### ***Trend Factors***

The rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience under the CHIP Perinatal program. The analysis included a review of claims experience data through February, 2013.

The chart below presents the assumed annual trend rates for FY2013 and FY2014.

	<u>FY2013</u>	<u>FY2014</u>
Newborns 185-200% FPL	5.0 %	5.0 %
Perinates Under 185% FPL	5.0 %	5.0 %
Perinates 185-200% FPL	5.0 %	5.0 %

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

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

### ***Administrative Fees and Risk Margin***

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

HMO.

In addition to incurred claims, provision is also made for services that are capitated by the HMOs, such as vision and behavioral health services. The cost of reinsurance is also considered. In developing the cost of reinsurance we make an assumption regarding how much the HMO is expected to receive in reinsurance recoveries (reimbursements from the reinsurance company for large claims). We have assumed that the net cost of reinsurance (reinsurance premium less reinsurance recoveries) is the minimum of (a) the actual reinsurance premium rate and (b) \$0.75 pmpm.

The premium rates also include a provision for premium tax (1.75% of premium), maintenance tax (\$0.1025 pmpm) and a risk margin (2.0% of premium).

### *Summary*

Exhibit A presents current (FY2013) premium, split between medical and prescription drug, and delivery supplemental payment (DSP) rates, FY2014 premium, split between medical and prescription drug, and DSP rates and a comparison of FY2013 and FY2014 premium rates. Exhibit B presents the summary community rating exhibit for each service area along with a description of the analysis. The enrollment in both the Newborn 185-200% FPL and Perinate 185-200% FPL risk groups are so small that credible rates could not be set by area. Thus the rates for these two risk groups were calculated on a statewide basis. In addition to the premium, HHSC pays the health plans a \$3,100 delivery supplemental payment (DSP) per maternity delivery for those CHIP Perinatal clients between 185% and 200% FPL.

## FY2014 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
Current (9/1/12-8/31/13) Medical Premium Rates pmpm				
Aetna - Bexar	856.60	392.64	342.57	3,100.00
Amerigroup - Bexar	856.60	392.64	342.57	3,100.00
CFHP - Bexar	856.60	392.64	342.57	3,100.00
Superior - Bexar	856.60	392.64	342.57	3,100.00
Amerigroup - Dallas	856.60	421.11	342.57	3,100.00
Molina - Dallas	856.60	421.11	342.57	3,100.00
Parkland - Dallas	856.60	421.11	342.57	3,100.00
El Paso First - El Paso	856.60	335.87	342.57	3,100.00
Superior - El Paso	856.60	335.87	342.57	3,100.00
Amerigroup - Harris	856.60	607.80	342.57	3,100.00
CHC - Harris	856.60	607.80	342.57	3,100.00
Molina - Harris	856.60	607.80	342.57	3,100.00
TCHP - Harris	856.60	607.80	342.57	3,100.00
UHC - Harris	856.60	607.80	342.57	3,100.00
Amerigroup - Jefferson	856.60	607.80	342.57	3,100.00
CHC - Jefferson	856.60	607.80	342.57	3,100.00
Molina - Jefferson	856.60	607.80	342.57	3,100.00
TCHP - Jefferson	856.60	607.80	342.57	3,100.00
UHC - Jefferson	856.60	607.80	342.57	3,100.00
Firstcare - Lubbock	856.60	335.92	342.57	3,100.00
Superior - Lubbock	856.60	335.92	342.57	3,100.00
Christus - Nueces	856.60	386.37	342.57	3,100.00
Driscoll - Nueces	856.60	386.37	342.57	3,100.00
Superior - Nueces	856.60	386.37	342.57	3,100.00
Aetna - Tarrant	856.60	324.40	342.57	3,100.00
Amerigroup - Tarrant	856.60	324.40	342.57	3,100.00
Cook - Tarrant	856.60	324.40	342.57	3,100.00
BCBS - Travis	856.60	420.80	342.57	3,100.00
Sendero - Travis	856.60	420.80	342.57	3,100.00
Seton - Travis	856.60	420.80	342.57	3,100.00
Superior - Travis	856.60	420.80	342.57	3,100.00
Molina - RSA	856.60	360.29	342.57	3,100.00
Superior - RSA	856.60	360.29	342.57	3,100.00

## FY2014 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
Current (9/1/12-8/31/13) Prescription Drug Premium Rates pmpm				
Aetna - Bexar	9.14	10.15	18.78	
Amerigroup - Bexar	9.14	10.15	18.78	
CFHP - Bexar	9.14	10.15	18.78	
Superior - Bexar	9.14	10.15	18.78	
Amerigroup - Dallas	9.14	4.53	18.78	
Molina - Dallas	9.14	4.53	18.78	
Parkland - Dallas	9.14	4.53	18.78	
El Paso First - El Paso	9.14	10.68	18.78	
Superior - El Paso	9.14	10.68	18.78	
Amerigroup - Harris	9.14	20.74	18.78	
CHC - Harris	9.14	20.74	18.78	
Molina - Harris	9.14	20.74	18.78	
TCHP - Harris	9.14	20.74	18.78	
UHC - Harris	9.14	20.74	18.78	
Amerigroup - Jefferson	9.14	12.54	18.78	
CHC - Jefferson	9.14	12.54	18.78	
Molina - Jefferson	9.14	12.54	18.78	
TCHP - Jefferson	9.14	12.54	18.78	
UHC - Jefferson	9.14	12.54	18.78	
Firstcare - Lubbock	9.14	11.58	18.78	
Superior - Lubbock	9.14	11.58	18.78	
Christus - Nueces	9.14	20.56	18.78	
Driscoll - Nueces	9.14	20.56	18.78	
Superior - Nueces	9.14	20.56	18.78	
Aetna - Tarrant	9.14	24.54	18.78	
Amerigroup - Tarrant	9.14	24.54	18.78	
Cook - Tarrant	9.14	24.54	18.78	
BCBS - Travis	9.14	11.47	18.78	
Sendero - Travis	9.14	11.47	18.78	
Seton - Travis	9.14	11.47	18.78	
Superior - Travis	9.14	11.47	18.78	
Molina - RSA	9.14	19.21	18.78	
Superior - RSA	9.14	19.21	18.78	

## FY2014 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
Current (9/1/12-8/31/13) Total Premium Rates pmpm				
Aetna - Bexar	865.74	402.79	361.35	3,100.00
Amerigroup - Bexar	865.74	402.79	361.35	3,100.00
CFHP - Bexar	865.74	402.79	361.35	3,100.00
Superior - Bexar	865.74	402.79	361.35	3,100.00
Amerigroup - Dallas	865.74	425.64	361.35	3,100.00
Molina - Dallas	865.74	425.64	361.35	3,100.00
Parkland - Dallas	865.74	425.64	361.35	3,100.00
El Paso First - El Paso	865.74	346.55	361.35	3,100.00
Superior - El Paso	865.74	346.55	361.35	3,100.00
Amerigroup - Harris	865.74	628.54	361.35	3,100.00
CHC - Harris	865.74	628.54	361.35	3,100.00
Molina - Harris	865.74	628.54	361.35	3,100.00
TCHP - Harris	865.74	628.54	361.35	3,100.00
UHC - Harris	865.74	628.54	361.35	3,100.00
Amerigroup - Jefferson	865.74	620.34	361.35	3,100.00
CHC - Jefferson	865.74	620.34	361.35	3,100.00
Molina - Jefferson	865.74	620.34	361.35	3,100.00
TCHP - Jefferson	865.74	620.34	361.35	3,100.00
UHC - Jefferson	865.74	620.34	361.35	3,100.00
Firstcare - Lubbock	865.74	347.50	361.35	3,100.00
Superior - Lubbock	865.74	347.50	361.35	3,100.00
Christus - Nueces	865.74	406.93	361.35	3,100.00
Driscoll - Nueces	865.74	406.93	361.35	3,100.00
Superior - Nueces	865.74	406.93	361.35	3,100.00
Aetna - Tarrant	865.74	348.94	361.35	3,100.00
Amerigroup - Tarrant	865.74	348.94	361.35	3,100.00
Cook - Tarrant	865.74	348.94	361.35	3,100.00
BCBS - Travis	865.74	432.27	361.35	3,100.00
Sendero - Travis	865.74	432.27	361.35	3,100.00
Seton - Travis	865.74	432.27	361.35	3,100.00
Superior - Travis	865.74	432.27	361.35	3,100.00
Molina - RSA	865.74	379.50	361.35	3,100.00
Superior - RSA	865.74	379.50	361.35	3,100.00

## FY2014 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2014 Medical Premium Rates pmpm				
Aetna - Bexar	623.65	390.54	290.36	3,100.00
Amerigroup - Bexar	623.65	390.54	290.36	3,100.00
CFHP - Bexar	623.65	390.54	290.36	3,100.00
Superior - Bexar	623.65	390.54	290.36	3,100.00
Amerigroup - Dallas	623.65	452.95	290.36	3,100.00
Molina - Dallas	623.65	452.95	290.36	3,100.00
Parkland - Dallas	623.65	452.95	290.36	3,100.00
El Paso First - El Paso	623.65	345.33	290.36	3,100.00
Superior - El Paso	623.65	345.33	290.36	3,100.00
Amerigroup - Harris	623.65	553.95	290.36	3,100.00
CHC - Harris	623.65	553.95	290.36	3,100.00
Molina - Harris	623.65	553.95	290.36	3,100.00
TCHP - Harris	623.65	553.95	290.36	3,100.00
UHC - Harris	623.65	553.95	290.36	3,100.00
Amerigroup - Jefferson	623.65	547.91	290.36	3,100.00
CHC - Jefferson	623.65	547.91	290.36	3,100.00
Molina - Jefferson	623.65	547.91	290.36	3,100.00
TCHP - Jefferson	623.65	547.91	290.36	3,100.00
UHC - Jefferson	623.65	547.91	290.36	3,100.00
Firstcare - Lubbock	623.65	355.55	290.36	3,100.00
Superior - Lubbock	623.65	355.55	290.36	3,100.00
Christus - Nueces	623.65	328.13	290.36	3,100.00
Driscoll - Nueces	623.65	328.13	290.36	3,100.00
Superior - Nueces	623.65	328.13	290.36	3,100.00
Aetna - Tarrant	623.65	328.57	290.36	3,100.00
Amerigroup - Tarrant	623.65	328.57	290.36	3,100.00
Cook - Tarrant	623.65	328.57	290.36	3,100.00
BCBS - Travis	623.65	407.11	290.36	3,100.00
Sendero - Travis	623.65	407.11	290.36	3,100.00
Seton - Travis	623.65	407.11	290.36	3,100.00
Superior - Travis	623.65	407.11	290.36	3,100.00
Molina - RSA	623.65	373.48	290.36	3,100.00
Superior - RSA	623.65	373.48	290.36	3,100.00



## FY2014 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2014 Prescription Drug Premium Rates pmpm (Community Rate)				
Aetna - Bexar	8.52	13.44	20.36	
Amerigroup - Bexar	8.52	13.44	20.36	
CFHP - Bexar	8.52	13.44	20.36	
Superior - Bexar	8.52	13.44	20.36	
Amerigroup - Dallas	8.52	6.81	20.36	
Molina - Dallas	8.52	6.81	20.36	
Parkland - Dallas	8.52	6.81	20.36	
El Paso First - El Paso	8.52	16.29	20.36	
Superior - El Paso	8.52	16.29	20.36	
Amerigroup - Harris	8.52	25.09	20.36	
CHC - Harris	8.52	25.09	20.36	
Molina - Harris	8.52	25.09	20.36	
TCHP - Harris	8.52	25.09	20.36	
UHC - Harris	8.52	25.09	20.36	
Amerigroup - Jefferson	8.52	13.83	20.36	
CHC - Jefferson	8.52	13.83	20.36	
Molina - Jefferson	8.52	13.83	20.36	
TCHP - Jefferson	8.52	13.83	20.36	
UHC - Jefferson	8.52	13.83	20.36	
Firstcare - Lubbock	8.52	12.75	20.36	
Superior - Lubbock	8.52	12.75	20.36	
Christus - Nueces	8.52	21.76	20.36	
Driscoll - Nueces	8.52	21.81	20.36	
Superior - Nueces	8.52	21.81	20.36	
Aetna - Tarrant	8.52	27.56	20.36	
Amerigroup - Tarrant	8.52	27.56	20.36	
Cook - Tarrant	8.52	27.56	20.36	
BCBS - Travis	8.52	14.32	20.36	
Sendero - Travis	8.52	14.32	20.36	
Seton - Travis	8.52	14.31	20.36	
Superior - Travis	8.52	14.32	20.36	
Molina - RSA	8.52	21.69	20.36	
Superior - RSA	8.52	21.69	20.36	

## FY2014 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2014 Total Premium Rates pmpm				
Aetna - Bexar	632.17	403.98	310.72	3,100.00
Amerigroup - Bexar	632.17	403.98	310.72	3,100.00
CFHP - Bexar	632.17	403.98	310.72	3,100.00
Superior - Bexar	632.17	403.98	310.72	3,100.00
Amerigroup - Dallas	632.17	459.76	310.72	3,100.00
Molina - Dallas	632.17	459.76	310.72	3,100.00
Parkland - Dallas	632.17	459.76	310.72	3,100.00
El Paso First - El Paso	632.17	361.62	310.72	3,100.00
Superior - El Paso	632.17	361.62	310.72	3,100.00
Amerigroup - Harris	632.17	579.04	310.72	3,100.00
CHC - Harris	632.17	579.04	310.72	3,100.00
Molina - Harris	632.17	579.04	310.72	3,100.00
TCHP - Harris	632.17	579.04	310.72	3,100.00
UHC - Harris	632.17	579.04	310.72	3,100.00
Amerigroup - Jefferson	632.17	561.74	310.72	3,100.00
CHC - Jefferson	632.17	561.74	310.72	3,100.00
Molina - Jefferson	632.17	561.74	310.72	3,100.00
TCHP - Jefferson	632.17	561.74	310.72	3,100.00
UHC - Jefferson	632.17	561.74	310.72	3,100.00
Firstcare - Lubbock	632.17	368.30	310.72	3,100.00
Superior - Lubbock	632.17	368.30	310.72	3,100.00
Christus - Nueces	632.17	349.89	310.72	3,100.00
Driscoll - Nueces	632.17	349.94	310.72	3,100.00
Superior - Nueces	632.17	349.94	310.72	3,100.00
Aetna - Tarrant	632.17	356.13	310.72	3,100.00
Amerigroup - Tarrant	632.17	356.13	310.72	3,100.00
Cook - Tarrant	632.17	356.13	310.72	3,100.00
BCBS - Travis	632.17	421.43	310.72	3,100.00
Sendero - Travis	632.17	421.43	310.72	3,100.00
Seton - Travis	632.17	421.42	310.72	3,100.00
Superior - Travis	632.17	421.43	310.72	3,100.00
Molina - RSA	632.17	395.17	310.72	3,100.00
Superior - RSA	632.17	395.17	310.72	3,100.00

## FY2014 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2014 Medical Premium Rate Change				
Aetna - Bexar	-27.2%	-0.5%	-15.2%	0.0%
Amerigroup - Bexar	-27.2%	-0.5%	-15.2%	0.0%
CFHP - Bexar	-27.2%	-0.5%	-15.2%	0.0%
Superior - Bexar	-27.2%	-0.5%	-15.2%	0.0%
Amerigroup - Dallas	-27.2%	7.6%	-15.2%	0.0%
Molina - Dallas	-27.2%	7.6%	-15.2%	0.0%
Parkland - Dallas	-27.2%	7.6%	-15.2%	0.0%
El Paso First - El Paso	-27.2%	2.8%	-15.2%	0.0%
Superior - El Paso	-27.2%	2.8%	-15.2%	0.0%
Amerigroup - Harris	-27.2%	-8.9%	-15.2%	0.0%
CHC - Harris	-27.2%	-8.9%	-15.2%	0.0%
Molina - Harris	-27.2%	-8.9%	-15.2%	0.0%
TCHP - Harris	-27.2%	-8.9%	-15.2%	0.0%
UHC - Harris	-27.2%	-8.9%	-15.2%	0.0%
Amerigroup - Jefferson	-27.2%	-9.9%	-15.2%	0.0%
CHC - Jefferson	-27.2%	-9.9%	-15.2%	0.0%
Molina - Jefferson	-27.2%	-9.9%	-15.2%	0.0%
TCHP - Jefferson	-27.2%	-9.9%	-15.2%	0.0%
UHC - Jefferson	-27.2%	-9.9%	-15.2%	0.0%
Firstcare - Lubbock	-27.2%	5.8%	-15.2%	0.0%
Superior - Lubbock	-27.2%	5.8%	-15.2%	0.0%
Christus - Nueces	-27.2%	-15.1%	-15.2%	0.0%
Driscoll - Nueces	-27.2%	-15.1%	-15.2%	0.0%
Superior - Nueces	-27.2%	-15.1%	-15.2%	0.0%
Aetna - Tarrant	-27.2%	1.3%	-15.2%	0.0%
Amerigroup - Tarrant	-27.2%	1.3%	-15.2%	0.0%
Cook - Tarrant	-27.2%	1.3%	-15.2%	0.0%
BCBS - Travis	-27.2%	-3.3%	-15.2%	0.0%
Sendero - Travis	-27.2%	-3.3%	-15.2%	0.0%
Seton - Travis	-27.2%	-3.3%	-15.2%	0.0%
Superior - Travis	-27.2%	-3.3%	-15.2%	0.0%
Molina - RSA	-27.2%	3.7%	-15.2%	0.0%
Superior - RSA	-27.2%	3.7%	-15.2%	0.0%

## FY2014 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2014 Prescription Drug Premium Rate Change				
Aetna - Bexar	-6.8%	32.4%	8.4%	
Amerigroup - Bexar	-6.8%	32.4%	8.4%	
CFHP - Bexar	-6.8%	32.4%	8.4%	
Superior - Bexar	-6.8%	32.4%	8.4%	
Amerigroup - Dallas	-6.8%	50.3%	8.4%	
Molina - Dallas	-6.8%	50.3%	8.4%	
Parkland - Dallas	-6.8%	50.3%	8.4%	
El Paso First - El Paso	-6.8%	52.5%	8.4%	
Superior - El Paso	-6.8%	52.5%	8.4%	
Amerigroup - Harris	-6.8%	21.0%	8.4%	
CHC - Harris	-6.8%	21.0%	8.4%	
Molina - Harris	-6.8%	21.0%	8.4%	
TCHP - Harris	-6.8%	21.0%	8.4%	
UHC - Harris	-6.8%	21.0%	8.4%	
Amerigroup - Jefferson	-6.8%	10.3%	8.4%	
CHC - Jefferson	-6.8%	10.3%	8.4%	
Molina - Jefferson	-6.8%	10.3%	8.4%	
TCHP - Jefferson	-6.8%	10.3%	8.4%	
UHC - Jefferson	-6.8%	10.3%	8.4%	
Firstcare - Lubbock	-6.8%	10.1%	8.4%	
Superior - Lubbock	-6.8%	10.1%	8.4%	
Christus - Nueces	-6.8%	5.8%	8.4%	
Driscoll - Nueces	-6.8%	6.1%	8.4%	
Superior - Nueces	-6.8%	6.1%	8.4%	
Aetna - Tarrant	-6.8%	12.3%	8.4%	
Amerigroup - Tarrant	-6.8%	12.3%	8.4%	
Cook - Tarrant	-6.8%	12.3%	8.4%	
BCBS - Travis	-6.8%	24.8%	8.4%	
Sendero - Travis	-6.8%	24.8%	8.4%	
Seton - Travis	-6.8%	24.8%	8.4%	
Superior - Travis	-6.8%	24.8%	8.4%	
Molina - RSA	-6.8%	12.9%	8.4%	
Superior - RSA	-6.8%	12.9%	8.4%	

## FY2014 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2014 Total Premium Rate Change				
Aetna - Bexar	-27.0%	0.3%	-14.0%	0.0%
Amerigroup - Bexar	-27.0%	0.3%	-14.0%	0.0%
CFHP - Bexar	-27.0%	0.3%	-14.0%	0.0%
Superior - Bexar	-27.0%	0.3%	-14.0%	0.0%
Amerigroup - Dallas	-27.0%	8.0%	-14.0%	0.0%
Molina - Dallas	-27.0%	8.0%	-14.0%	0.0%
Parkland - Dallas	-27.0%	8.0%	-14.0%	0.0%
El Paso First - El Paso	-27.0%	4.3%	-14.0%	0.0%
Superior - El Paso	-27.0%	4.3%	-14.0%	0.0%
Amerigroup - Harris	-27.0%	-7.9%	-14.0%	0.0%
CHC - Harris	-27.0%	-7.9%	-14.0%	0.0%
Molina - Harris	-27.0%	-7.9%	-14.0%	0.0%
TCHP - Harris	-27.0%	-7.9%	-14.0%	0.0%
UHC - Harris	-27.0%	-7.9%	-14.0%	0.0%
Amerigroup - Jefferson	-27.0%	-9.4%	-14.0%	0.0%
CHC - Jefferson	-27.0%	-9.4%	-14.0%	0.0%
Molina - Jefferson	-27.0%	-9.4%	-14.0%	0.0%
TCHP - Jefferson	-27.0%	-9.4%	-14.0%	0.0%
UHC - Jefferson	-27.0%	-9.4%	-14.0%	0.0%
Firstcare - Lubbock	-27.0%	6.0%	-14.0%	0.0%
Superior - Lubbock	-27.0%	6.0%	-14.0%	0.0%
Christus - Nueces	-27.0%	-14.0%	-14.0%	0.0%
Driscoll - Nueces	-27.0%	-14.0%	-14.0%	0.0%
Superior - Nueces	-27.0%	-14.0%	-14.0%	0.0%
Aetna - Tarrant	-27.0%	2.1%	-14.0%	0.0%
Amerigroup - Tarrant	-27.0%	2.1%	-14.0%	0.0%
Cook - Tarrant	-27.0%	2.1%	-14.0%	0.0%
BCBS - Travis	-27.0%	-2.5%	-14.0%	0.0%
Sendero - Travis	-27.0%	-2.5%	-14.0%	0.0%
Seton - Travis	-27.0%	-2.5%	-14.0%	0.0%
Superior - Travis	-27.0%	-2.5%	-14.0%	0.0%
Molina - RSA	-27.0%	4.1%	-14.0%	0.0%
Superior - RSA	-27.0%	4.1%	-14.0%	0.0%

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011- 8/31/2012								
Member Months	176		19,107		533		19,816	
Estimated Incurred Claims	15,998	90.90	5,977,929	312.87	156,263	293.18	6,150,190	310.36
Projected FY2014 Member Months	276		18,312		432		19,020	
Projected FY2014 Premium								
Current Rates	236,422	856.60	7,190,024	392.64	147,990	342.57	7,574,436	398.24
Current DSP Rate	0	0.00	0	0.00	77,939	180.41	77,939	4.10
Annual Trend Assumptions								
FY2013	5.00 %		5.00 %		5.00 %			
FY2014	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9806		0.9952		0.9952			
Inpatient Reimbursement Changes	0.9558		0.9978		0.9978			
Projected Incurred Claims	25,924	93.93	6,272,295	342.52	138,658	320.97	6,436,877	338.43
Capitated Expenses/Refunds	33	0.12	-31,597	-1.73	-645	-1.49	-32,209	-1.69
Net Reinsurance Cost	8	0.03	660	0.04	15	0.03	683	0.04
Administrative Expenses								
Fixed Amount	3,450	12.50	228,900	12.50	5,400	12.50	237,750	12.50
Percentage of Premium	5.75 %	6.78	5.75 %	22.46	5.75 %	21.10	5.75 %	22.20
Risk Margin	2.00 %	2.36	2.00 %	7.81	2.00 %	7.34	2.00 %	7.72
Premium Tax	1.75 %	2.06	1.75 %	6.83	1.75 %	6.42	1.75 %	6.76
Maintenance Tax	28	0.10	1,877	0.10	44	0.10	1,950	0.10
Projected Total Cost	32,534	117.88	7,151,531	390.54	158,533	366.97	7,342,597	386.05
Adjusted Total Cost	32,534	117.88	7,151,531	390.54	80,593	186.56	7,264,658	381.95
Experience Rate Increase		-86.2 %		-0.5 %		-45.5 %		-4.1 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011- 8/31/2012								
Member Months	401		83,038		1,195		84,634	
Estimated Incurred Claims	69,577	173.51	30,100,760	362.49	356,056	297.95	30,526,392	360.69
Projected FY2014 Member Months	612		81,756		1,020		83,388	
Projected FY2014 Premium								
Current Rates	524,239	856.60	34,428,269	421.11	349,421	342.57	35,301,930	423.35
Current DSP Rate	0	0.00	0	0.00	269,935	264.64	269,935	3.24
Annual Trend Assumptions								
FY2013	5.00 %		5.00 %		5.00 %			
FY2014	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9974		0.9958		0.9958			
Inpatient Reimbursement Changes	0.7808		0.9982		0.9982			
Projected Incurred Claims	91,171	148.97	32,477,942	397.25	333,057	326.53	32,902,170	394.57
Capitated Expenses/Refunds	13,056	21.33	2,934	0.04	22	0.02	16,011	0.19
Net Reinsurance Cost	21	0.03	2,464	0.03	67	0.07	2,552	0.03
Administrative Expenses								
Fixed Amount	7,650	12.50	1,021,950	12.50	12,750	12.50	1,042,350	12.50
Percentage of Premium	5.75 %	11.62	5.75 %	26.04	5.75 %	21.55	5.75 %	25.88
Risk Margin	2.00 %	4.04	2.00 %	9.06	2.00 %	7.50	2.00 %	9.00
Premium Tax	1.75 %	3.54	1.75 %	7.93	1.75 %	6.56	1.75 %	7.88
Maintenance Tax	63	0.10	8,380	0.10	105	0.10	8,547	0.10
Projected Total Cost	123,713	202.15	37,031,679	452.95	382,321	374.82	37,537,713	450.16
Adjusted Total Cost	123,713	202.15	37,031,679	452.95	112,386	110.18	37,267,778	446.92
Experience Rate Increase		-76.4 %		7.6 %		-67.8 %		5.6 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011- 8/31/2012								
Member Months	86		12,845		217		13,148	
Estimated Incurred Claims	8,182	95.13	3,498,245	272.34	65,622	302.41	3,572,048	271.68
Projected FY2014 Member Months	72		11,664		204		11,940	
Projected FY2014 Premium								
Current Rates	61,675	856.60	3,917,588	335.87	69,884	342.57	4,049,147	339.12
Current DSP Rate	0	0.00	0	0.00	52,470	257.21	52,470	4.39
Annual Trend Assumptions								
FY2013	5.00 %		5.00 %		5.00 %			
FY2014	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9851		0.9991		0.9991			
Inpatient Reimbursement Changes	0.9408		0.9979		0.9979			
Projected Incurred Claims	6,999	97.21	3,491,710	299.36	67,810	332.40	3,566,519	298.70
Capitated Expenses/Refunds	6	0.09	1,194	0.10	20	0.10	1,221	0.10
Net Reinsurance Cost	36	0.49	5,356	0.46	96	0.47	5,487	0.46
Administrative Expenses								
Fixed Amount	900	12.50	145,800	12.50	2,550	12.50	149,250	12.50
Percentage of Premium	5.75 %	7.01	5.75 %	19.86	5.75 %	21.96	5.75 %	19.81
Risk Margin	2.00 %	2.44	2.00 %	6.91	2.00 %	7.64	2.00 %	6.89
Premium Tax	1.75 %	2.13	1.75 %	6.04	1.75 %	6.68	1.75 %	6.03
Maintenance Tax	7	0.10	1,196	0.10	21	0.10	1,224	0.10
Projected Total Cost	8,783	121.98	4,027,907	345.33	77,897	381.85	4,114,587	344.61
Adjusted Total Cost	8,783	121.98	4,027,907	345.33	25,427	124.64	4,062,117	340.21
Experience Rate Increase		-85.8 %		2.8 %		-63.6 %		0.3 %



	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011- 8/31/2012								
Member Months	1,320		130,737		2,392		134,449	
Estimated Incurred Claims	1,032,585	782.26	58,696,448	448.97	1,692,924	707.74	61,421,958	456.84
Projected FY2014 Member Months	1,512		124,872		2,412		128,796	
Projected FY2014 Premium								
Current Rates	1,295,179	856.60	75,897,202	607.80	826,279	342.57	78,018,660	605.75
Current DSP Rate	0	0.00	0	0.00	534,273	221.51	534,273	4.15
Annual Trend Assumptions								
FY2013	5.00 %		5.00 %		5.00 %			
FY2014	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9962		0.9901		0.9901			
Inpatient Reimbursement Changes	1.1497		0.9971		0.9971			
Projected Incurred Claims	1,493,528	987.78	61,020,358	488.66	1,858,018	770.32	64,371,904	499.80
Capitated Expenses/Refunds	53,601	35.45	-78,223	-0.63	-26,879	-11.14	-51,501	-0.40
Net Reinsurance Cost	1,106	0.73	85,104	0.68	1,545	0.64	87,755	0.68
Administrative Expenses								
Fixed Amount	18,900	12.50	1,560,900	12.50	30,150	12.50	1,609,950	12.50
Percentage of Premium	5.75 %	65.86	5.75 %	31.85	5.75 %	49.08	5.75 %	32.57
Risk Margin	2.00 %	22.91	2.00 %	11.08	2.00 %	17.07	2.00 %	11.33
Premium Tax	1.75 %	20.04	1.75 %	9.69	1.75 %	14.94	1.75 %	9.91
Maintenance Tax	155	0.10	12,799	0.10	247	0.10	13,202	0.10
Projected Total Cost	1,731,812	1,145.38	69,172,307	553.95	2,058,653	853.50	72,962,773	566.50
Adjusted Total Cost	1,731,812	1,145.38	69,172,307	553.95	1,524,381	632.00	72,428,501	562.35
Experience Rate Increase		33.7 %		-8.9 %		84.5 %		-7.2 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011- 8/31/2012								
Member Months	63		3,222		83		3,368	
Estimated Incurred Claims	10,410	165.24	1,456,987	452.20	50,788	611.91	1,518,185	450.77
Projected FY2014 Member Months	96		5,436		156		5,688	
Projected FY2014 Premium								
Current Rates	82,234	856.60	3,304,001	607.80	53,441	342.57	3,439,675	604.72
Current DSP Rate	0	0.00	0	0.00	17,487	112.09	17,487	3.07
Annual Trend Assumptions								
FY2013	5.00 %		5.00 %		5.00 %			
FY2014	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9908		0.9823		0.9823			
Inpatient Reimbursement Changes	0.9215		0.9971		0.9971			
Projected Incurred Claims	15,775	164.32	2,622,248	482.39	101,829	652.75	2,739,852	481.69
Capitated Expenses/Refunds	29	0.30	1,336	0.25	-746	-4.78	619	0.11
Net Reinsurance Cost	71	0.74	3,374	0.62	94	0.60	3,539	0.62
Administrative Expenses								
Fixed Amount	1,200	12.50	67,950	12.50	1,950	12.50	71,100	12.50
Percentage of Premium	5.75 %	11.31	5.75 %	31.50	5.75 %	42.01	5.75 %	31.45
Risk Margin	2.00 %	3.93	2.00 %	10.96	2.00 %	14.61	2.00 %	10.94
Premium Tax	1.75 %	3.44	1.75 %	9.59	1.75 %	12.79	1.75 %	9.57
Maintenance Tax	10	0.10	557	0.10	16	0.10	583	0.10
Projected Total Cost	18,878	196.64	2,978,414	547.91	113,970	730.58	3,111,262	546.99
Adjusted Total Cost	18,878	196.64	2,978,414	547.91	96,484	618.49	3,093,776	543.91
Experience Rate Increase		-77.0 %		-9.9 %		80.5 %		-10.1 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011- 8/31/2012								
Member Months	75		4,603		165		4,843	
Estimated Incurred Claims	227,033	3,027.11	1,295,331	281.41	62,250	377.27	1,584,615	327.20
Projected FY2014 Member Months	96		4,716		132		4,944	
Projected FY2014 Premium								
Current Rates	82,234	856.60	1,584,199	335.92	45,219	342.57	1,711,652	346.21
Current DSP Rate	0	0.00	0	0.00	29,750	225.38	29,750	6.02
Annual Trend Assumptions								
FY2013	5.00 %		5.00 %		5.00 %			
FY2014	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9992		0.9948		0.9948			
Inpatient Reimbursement Changes	0.7431		1.0000		1.0000			
Projected Incurred Claims	237,891	2,478.03	1,455,553	308.64	54,619	413.78	1,748,063	353.57
Capitated Expenses/Refunds	18	0.19	1,216	0.26	28	0.21	1,262	0.26
Net Reinsurance Cost	38	0.40	1,265	0.27	46	0.35	1,350	0.27
Administrative Expenses								
Fixed Amount	1,200	12.50	58,950	12.50	1,650	12.50	61,800	12.50
Percentage of Premium	5.75 %	158.28	5.75 %	20.44	5.75 %	27.13	5.75 %	23.30
Risk Margin	2.00 %	55.05	2.00 %	7.11	2.00 %	9.44	2.00 %	8.10
Premium Tax	1.75 %	48.17	1.75 %	6.22	1.75 %	8.26	1.75 %	7.09
Maintenance Tax	10	0.10	483	0.10	14	0.10	507	0.10
Projected Total Cost	264,262	2,752.73	1,676,759	355.55	62,273	471.77	2,003,295	405.20
Adjusted Total Cost	264,262	2,752.73	1,676,759	355.55	32,523	246.39	1,973,544	399.18
Experience Rate Increase		221.4 %		5.8 %		-28.1 %		15.3 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011- 8/31/2012								
Member Months	79		3,196		148		3,423	
Estimated Incurred Claims	10,512	133.06	829,876	259.66	39,789	268.85	880,177	257.14
Projected FY2014 Member Months	60		2,880		132		3,072	
Projected FY2014 Premium								
Current Rates	51,396	856.60	1,112,746	386.37	45,219	342.57	1,209,361	393.67
Current DSP Rate	0	0.00	0	0.00	44,239	335.14	44,239	14.40
Annual Trend Assumptions								
FY2013	5.00 %		5.00 %		5.00 %			
FY2014	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9940		0.9949		0.9949			
Inpatient Reimbursement Changes	0.9344		0.9970		0.9970			
Projected Incurred Claims	8,175	136.26	817,809	283.96	38,809	294.01	864,793	281.51
Capitated Expenses/Refunds	-577	-9.62	760	0.26	-654	-4.95	-471	-0.15
Net Reinsurance Cost	9	0.16	368	0.13	21	0.16	398	0.13
Administrative Expenses								
Fixed Amount	750	12.50	36,000	12.50	1,650	12.50	38,400	12.50
Percentage of Premium	5.75 %	8.86	5.75 %	18.87	5.75 %	19.18	5.75 %	18.69
Risk Margin	2.00 %	3.08	2.00 %	6.56	2.00 %	6.67	2.00 %	6.50
Premium Tax	1.75 %	2.70	1.75 %	5.74	1.75 %	5.84	1.75 %	5.69
Maintenance Tax	6	0.10	295	0.10	14	0.10	315	0.10
Projected Total Cost	9,242	154.03	945,007	328.13	44,021	333.49	998,271	324.96
Adjusted Total Cost	9,242	154.03	945,007	328.13	-217	-1.65	954,032	310.56
Experience Rate Increase		-82.0 %		-15.1 %		-100.5 %		-21.1 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011- 8/31/2012								
Member Months	747		103,584		1,646		105,977	
Estimated Incurred Claims	136,743	183.06	30,512,847	294.57	525,141	319.04	31,174,732	294.17
Projected FY2014 Member Months	672		98,196		1,884		100,752	
Projected FY2014 Premium								
Current Rates	575,635	856.60	35,379,037	360.29	645,402	342.57	36,600,074	363.27
Current DSP Rate	0	0.00	0	0.00	560,822	297.68	560,822	5.57
Annual Trend Assumptions								
FY2013	5.00 %		5.00 %		5.00 %			
FY2014	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9922		0.9957		0.9957			
Inpatient Reimbursement Changes	0.8319		0.9984		0.9984			
Projected Incurred Claims	111,945	166.58	31,702,647	322.85	658,778	349.67	32,473,370	322.31
Capitated Expenses/Refunds	1,465	2.18	237,337	2.42	4,530	2.40	243,332	2.42
Net Reinsurance Cost	81	0.12	12,703	0.13	243	0.13	13,026	0.13
Administrative Expenses								
Fixed Amount	8,400	12.50	1,227,450	12.50	23,550	12.50	1,259,400	12.50
Percentage of Premium	5.75 %	11.53	5.75 %	21.48	5.75 %	23.18	5.75 %	21.44
Risk Margin	2.00 %	4.01	2.00 %	7.47	2.00 %	8.06	2.00 %	7.46
Premium Tax	1.75 %	3.51	1.75 %	6.54	1.75 %	7.05	1.75 %	6.53
Maintenance Tax	69	0.10	10,065	0.10	193	0.10	10,327	0.10
Projected Total Cost	134,762	200.54	36,674,256	373.48	759,441	403.10	37,568,458	372.88
Adjusted Total Cost	134,762	200.54	36,674,256	373.48	198,619	105.42	37,007,636	367.31
Experience Rate Increase		-76.6 %		3.7 %		-69.2 %		1.1 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011- 8/31/2012								
Member Months	457		43,011		1,028		44,496	
Estimated Incurred Claims	73,709	161.29	11,210,688	260.65	280,179	272.55	11,564,576	259.90
Projected FY2014 Member Months	324		41,328		924		42,576	
Projected FY2014 Premium								
Current Rates	277,538	856.60	13,406,803	324.40	316,535	342.57	14,000,876	328.84
Current DSP Rate	0	0.00	0	0.00	239,539	259.24	239,539	5.63
Annual Trend Assumptions								
FY2013	5.00 %		5.00 %		5.00 %			
FY2014	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9833		0.9914		0.9914			
Inpatient Reimbursement Changes	0.9053		0.9979		0.9979			
Projected Incurred Claims	51,287	158.29	11,749,291	284.29	274,681	297.27	12,075,259	283.62
Capitated Expenses/Refunds	16	0.05	3,921	0.09	118	0.13	4,055	0.10
Net Reinsurance Cost	114	0.35	14,914	0.36	338	0.37	15,366	0.36
Administrative Expenses								
Fixed Amount	4,050	12.50	516,600	12.50	11,550	12.50	532,200	12.50
Percentage of Premium	5.75 %	10.88	5.75 %	18.89	5.75 %	19.72	5.75 %	18.85
Risk Margin	2.00 %	3.79	2.00 %	6.57	2.00 %	6.86	2.00 %	6.56
Premium Tax	1.75 %	3.31	1.75 %	5.75	1.75 %	6.00	1.75 %	5.74
Maintenance Tax	33	0.10	4,236	0.10	95	0.10	4,364	0.10
Projected Total Cost	61,326	189.28	13,578,963	328.57	316,886	342.95	13,957,175	327.82
Adjusted Total Cost	61,326	189.28	13,578,963	328.57	77,347	83.71	13,717,636	322.19
Experience Rate Increase		-77.9 %		1.3 %		-75.6 %		-2.0 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2011- 8/31/2012								
Member Months	195		30,994		417		31,606	
Estimated Incurred Claims	41,428	212.45	9,982,370	322.07	162,909	390.67	10,186,707	322.30
Projected FY2014 Member Months	180		28,104		372		28,656	
Projected FY2014 Premium								
Current Rates	154,188	856.60	11,826,163	420.80	127,436	342.57	12,107,787	422.52
Current DSP Rate	0	0.00	0	0.00	105,143	282.64	105,143	3.67
Annual Trend Assumptions								
FY2013	5.00 %		5.00 %		5.00 %			
FY2014	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9929		0.9996		0.9996			
Inpatient Reimbursement Changes	0.9507		0.9972		0.9972			
Projected Incurred Claims	39,798	221.10	9,947,439	353.95	159,713	429.34	10,146,949	354.10
Capitated Expenses/Refunds	135	0.75	50,547	1.80	948	2.55	51,630	1.80
Net Reinsurance Cost	9	0.05	2,357	0.08	33	0.09	2,399	0.08
Administrative Expenses								
Fixed Amount	2,250	12.50	351,300	12.50	4,650	12.50	358,200	12.50
Percentage of Premium	5.75 %	14.90	5.75 %	23.41	5.75 %	28.25	5.75 %	23.42
Risk Margin	2.00 %	5.18	2.00 %	8.14	2.00 %	9.82	2.00 %	8.15
Premium Tax	1.75 %	4.53	1.75 %	7.12	1.75 %	8.60	1.75 %	7.13
Maintenance Tax	18	0.10	2,881	0.10	38	0.10	2,937	0.10
Projected Total Cost	46,641	259.12	11,441,462	407.11	182,742	491.24	11,670,846	407.27
Adjusted Total Cost	46,641	259.12	11,441,462	407.11	77,600	208.60	11,565,703	403.60
Experience Rate Increase		-69.8 %		-3.3 %		-39.1 %		-4.5 %

FY2014 CHIP Perinatal Rating  
 Rating Assumptions  
 Benefit and Provider Reimbursement Changes

Service Area	APR-DRG (1)		Outlier Reduction (2)		Outpatient 5.3% (3)		Outpatient Imaging (4)		Cost Sharing Change (5)	
	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate
Bexar	0.9558	0.9995	1.0000	1.0000	0.9905	0.9958	0.9970	0.9994	1.0000	0.9983
Dallas	0.7808	0.9999	1.0000	1.0000	0.9999	0.9990	0.9995	0.9968	1.0000	0.9983
El Paso	0.9417	0.9996	1.0000	1.0000	0.9987	0.9993	1.0000	0.9999	1.0000	0.9983
Harris	1.1776	0.9989	0.9834	1.0000	0.9991	0.9966	0.9997	0.9935	1.0000	0.9983
Jefferson	0.9238	0.9988	1.0000	1.0000	0.9968	0.9983	0.9984	0.9841	1.0000	0.9983
Lubbock	0.7467	1.0018	0.9958	1.0000	0.9999	0.9950	1.0000	1.0000	1.0000	0.9983
Nueces	0.9344	0.9987	1.0000	1.0000	1.0000	0.9988	0.9994	0.9963	1.0000	0.9983
RSA	0.8326	1.0001	1.0000	1.0000	0.9988	0.9975	0.9956	0.9985	1.0000	0.9983
Tarrant	0.9053	0.9996	1.0000	1.0000	0.9959	0.9948	0.9983	0.9966	1.0000	0.9983
Travis	0.9526	0.9989	1.0000	1.0000	0.9996	0.9998	1.0000	0.9999	1.0000	0.9983

Service Area	ER - Flat Fee (6)		ER - 36 Hour Visits (7)		Ambulance 5% (8)		PPR (9)		Medicaid Excess Medicare (10)	
	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate
Bexar	1.0000	1.0000	1.0000	1.0000	0.9973	1.0000	1.0000	1.0000	0.9957	1.0000
Dallas	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.9980	1.0000
El Paso	1.0000	1.0000	1.0000	1.0000	1.0000	0.9999	0.9990	1.0000	0.9864	1.0000
Harris	0.9994	1.0000	1.0000	1.0000	0.9999	1.0000	0.9928	0.9999	0.9981	1.0000
Jefferson	1.0000	0.9999	1.0000	1.0000	1.0000	1.0000	0.9975	1.0000	0.9956	1.0000
Lubbock	1.0000	1.0000	1.0000	0.9999	1.0000	0.9999	0.9994	0.9999	0.9993	1.0000
Nueces	1.0000	1.0000	1.0000	1.0000	1.0000	0.9998	1.0000	1.0000	0.9946	1.0000
RSA	0.9997	0.9999	1.0000	1.0000	1.0000	0.9998	0.9992	1.0000	0.9981	1.0000
Tarrant	0.9941	1.0000	1.0000	1.0000	0.9997	1.0000	1.0000	1.0000	0.9952	1.0000
Travis	1.0000	1.0000	1.0000	1.0000	1.0000	0.9999	0.9980	1.0000	0.9933	1.0000

- (1) APR-DRG Implementation
- (2) Inpatient Outlier payment reduce by 10%
- (3) Outpatient hospital services reduced by 5.3%
- (4) Outpatient imaging fee schedule limited to 125% of reimbursement in a physician office
- (5) Increase in cost sharing
- (6) Flat fee of \$51.36 for non-emergency visits
- (7) Reduction for multiple visits within a 36-hour period
- (8) Ambulance services reduced by 5%
- (9) Reduction for potentially preventable readmission
- (10) Reduction for Medicaid rates in excess of Medicare



## *Attachment 8*

### CHIP Dental Rating

The actuarial model used to derive the FY2014 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 March 1<sup>st</sup>, 2012 through February 28<sup>th</sup>, 2013 were developed. The claims experience was trended forward to FY2014 using assumed trend rates of 5.0% for FY2013 and FY2014. Provisions for administrative expenses, taxes and risk margin were added to the projected claims to produce the FY2014 premium rates.

The amount allocated for administrative expenses is \$1.75 pmpm. Provision is also included for risk margin (2.0% of gross premium), premium tax (1.75%) and maintenance tax (\$.034 pmpm).

The bottom of the exhibit shows a summary of the projected FY2014 cost based on these assumptions and the experience rate increase.

Attached Exhibit A presents a summary of the experience analysis performed for the CHIP dental plan. The top portion of the exhibit shows summary base period experience for the period March 1<sup>st</sup>, 2012 through February 28<sup>th</sup>, 2013. Following that is projected FY2014 enrollment, premium and incurred claims experience.

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

FY2014 CHIP Dental Rating  
 Projection Period: 9/1/2013 - 8/31/2014

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 3/1/2012-2/28/2013										
Member Months	17,885		1,178,311		4,276,645		1,522,869		6,995,710	
Premium Revenue	25,317	1.42	18,796,950	15.95	107,667,067	25.18	31,930,783	20.97	158,420,116	22.65
Estimated Incurred Claims	22,791	1.27	14,506,443	12.31	79,983,742	18.70	23,809,755	15.63	118,322,732	16.91
Projected FY2014 Member Months	15,888		1,191,540		4,359,732		1,528,296		7,095,456	
Projected FY2014 Premium (Current Rates)	24,944	1.57	18,147,154	15.23	104,197,595	23.90	30,458,939	19.93	152,828,632	21.54
Annual Trend Assumptions										
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
FY2014	5.0 %		5.0 %		5.0 %		5.0 %			
Projected Incurred Claims	21,784	1.37	15,783,146	13.25	87,728,815	20.12	25,708,919	16.82	129,242,663	18.21
Reinsurance	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses	27,804	1.75	2,085,195	1.75	7,629,531	1.75	2,674,518	1.75	12,417,048	1.75
Risk Margin	2.00 %	0.07	2.00 %	0.31	2.00 %	0.46	2.00 %	0.39	2.00 %	0.42
Premium Tax	1.75 %	0.06	1.75 %	0.27	1.75 %	0.40	1.75 %	0.34	1.75 %	0.36
Maintenance Tax	543	0.03	40,711	0.03	148,958	0.03	52,217	0.03	242,428	0.03
Projected Total Cost	52,084	3.28	18,606,807	15.62	99,228,367	22.76	29,543,536	19.33	147,430,794	20.78
Experience Rate Increase		108.8%		2.5%		-4.8%		-3.0%		-3.5%

CHIP Dental Plan  
 Estimated Claims Experience

Month	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
Sep-09	524,167	6,352,244	1.000	6,352,244	12.12	
Oct-09	523,902	6,921,992	1.000	6,921,992	13.21	
Nov-09	524,567	6,555,359	1.000	6,555,359	12.50	
Dec-09	527,162	6,506,115	1.000	6,506,115	12.34	
Jan-10	532,788	7,069,732	1.000	7,069,732	13.27	
Feb-10	528,112	7,100,834	1.000	7,100,834	13.45	
Mar-10	530,800	9,111,602	1.000	9,111,602	17.17	
Apr-10	534,293	7,102,780	1.000	7,102,780	13.29	
May-10	539,741	6,660,608	1.000	6,660,608	12.34	
Jun-10	542,026	8,686,535	1.000	8,686,535	16.03	
Jul-10	547,792	9,285,094	1.000	9,285,094	16.95	
Aug-10	550,622	10,184,204	1.000	10,184,204	18.50	
Sep-10	546,569	7,045,266	1.000	7,045,266	12.89	1.064
Oct-10	545,063	7,654,825	1.000	7,654,825	14.04	1.063
Nov-10	542,034	7,412,188	1.000	7,412,188	13.67	1.094
Dec-10	538,796	7,633,237	1.000	7,633,237	14.17	1.148
Jan-11	536,577	7,792,861	1.000	7,792,861	14.52	1.095
Feb-11	537,500	6,911,761	1.000	6,911,761	12.86	0.956
Mar-11	536,573	10,046,932	1.000	10,046,932	18.72	1.091
Apr-11	535,733	7,431,053	1.000	7,431,053	13.87	1.043
May-11	535,074	7,023,673	1.000	7,023,673	13.13	1.064
Jun-11	539,688	9,578,595	1.000	9,578,595	17.75	1.107
Jul-11	540,817	9,564,447	1.000	9,564,447	17.69	1.043
Aug-11	544,801	11,309,850	1.000	11,309,850	20.76	1.122
Sep-11	549,975	7,302,302	1.000	7,302,302	13.28	1.030
Oct-11	554,117	8,060,322	1.000	8,060,322	14.55	1.036
Nov-11	567,712	7,869,086	1.000	7,869,086	13.86	1.014
Dec-11	562,985	8,437,971	1.000	8,437,971	14.99	1.058
Jan-12	561,869	8,851,766	0.999	8,860,510	15.77	1.086
Feb-12	566,073	9,233,065	0.998	9,251,326	16.34	1.271
Mar-12	571,294	9,208,598	0.997	9,240,752	16.18	0.864
Apr-12	579,145	8,849,936	0.995	8,890,190	15.35	1.107
May-12	581,835	8,711,219	0.994	8,760,439	15.06	1.147
Jun-12	580,687	11,329,219	0.993	11,405,411	19.64	1.107
Jul-12	581,961	11,371,870	0.992	11,460,046	19.69	1.113
Aug-12	583,655	13,121,313	0.991	13,236,386	22.68	1.092
Sep-12	580,858	7,276,453	0.989	7,360,680	12.67	0.954
Oct-12	581,854	9,162,476	0.984	9,307,101	16.00	1.100
Nov-12	582,679	8,279,212	0.979	8,453,375	14.51	1.047
Dec-12	588,619	7,757,564	0.970	7,997,489	13.59	0.907
Jan-13	591,835	10,655,397	0.936	11,385,518	19.24	1.220
Feb-13	591,288	9,546,485	0.882	10,825,345	18.31	1.120
FY2010	6,405,972			91,537,100	14.29	
FY2011	6,479,225			99,404,689	15.34	1.074
FY2012	6,841,308			112,774,740	16.48	1.074
3/12-2/13	6,995,710			118,322,732	16.91	