

**STATE OF TEXAS  
CHILDREN'S HEALTH INSURANCE  
PROGRAM  
CHIP RATE SETTING  
STATE FISCAL YEAR 2016**

Prepared for:

Texas Health and Human Services Commission

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Prepared by:

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

Rudd and Wisdom, Inc.

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## I. Introduction

Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to develop the state fiscal year 2016 (FY2016, September 1, 2015 through August 31, 2016) 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 30 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 FY2016 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 2011 and a projection of future enrollment through August 2016. These projections were prepared by HHSC.
- Claim lag reports by age group for each health plan for the period September 2011 through February 2015. 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 FY2013, FY2014 and the first six months of FY2015. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the health plan. These reports were prepared by HHSC.
- 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 (FY2015) 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.
- FY2014 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 FY2014 CHIP health plan claims cost by type of service for certain services. This information was obtained from the encounter database.

- Information from HHSC regarding FY2015 and proposed FY2016 Medicaid provider reimbursement rates.

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 the claims paid amount from (i) the claim lag reports provided by the health plans, (ii) the audited FSRs and (iii) the encounter data files as provided by the EQRO. All comparisons were done by risk group as well as in aggregate. In the case of inconsistent information follow up inquiries were made with each applicable HMO until all information was corrected and reconciled with the other data sources. Ultimately there was satisfactory consistency between all data sources. Although the above data was reviewed for reasonableness, Rudd and Wisdom did not audit the data.

In addition, HHSC employs the Institute for Child Health Policy (ICHP) as an External Quality Review Organization. ICHP reviews the encounter data and provides certification of the data quality. Below is an excerpt from the data certification report for the detail encounter period September 1, 2013 through August 31, 2014 (FY2014).

*Based on an administrative review, the EQRO considers the required data elements for all MCO/RSA combination in CHIP to be accurate and complete, meeting the following components of Texas Government Code § 533.0131 for data certification purposes:*

- 1. The encounter data for the most recent measurement year are complete, accurate, and reliable.*
- 2. No statistically significant variability in the encounter data is attributable to incompleteness, inaccuracy, or other deficiency as compared to equivalent data for similar populations and when evaluated against professionally accepted standards.*

## 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 2016”.

The actuarial model used to derive the FY2016 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 FY2014 base period were developed. These estimates were then projected forward to FY2016 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 FY2016 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 (All other Texas regions)

Premium rates were determined for the following age groups:

- Children Under Age One Year
- Children Ages 1 to 5 Years
- Children Ages 6 to 14 Years
- Children Ages 15 to 18 Years

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

We projected the FY2016 cost for each individual health plan by estimating their base period (FY2014) 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 it was determined that no adjustments were necessary.

HHSC utilized the combination of two rating methodologies in setting the FY2016 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 FY2016 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 FY2016 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 FY2016 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 FY2016 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 (FY2015 and FY2016).

The trend analysis included a review of HMO and RSA claims experience data through February 28, 2015. Based on this information, estimates of monthly incurred claims were made through December 2014. 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 FY2015 trend assumption was developed from two components: (i) the actual estimated trend for the period September 2014 through December 2014 and (ii) the projected trend for the period January 2015 through August 2015. 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 2015 through August 2015 and all of FY2016 will be 5%.

This analysis was used to select an annual trend rate assumption of 5.2% for FY2015 and 5.0% for FY2016.

#### ***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:

- Inpatient Hospital Reimbursement Change
- Potentially Preventable Readmissions Reduction
- Potentially Preventable Complications Reduction
- Limit Related Party Reimbursement to 100% of Medicaid
- Rural Hospital Outpatient Reimbursement Change
- Therapy Reimbursement Reduction

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

### ***Risk Adjustment***

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

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

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

### ***Pay-for-Quality Program (P4Q)***

The CHIP Program includes the Quality Challenge Program. It creates incentives and penalties for all health plans based on their performance on certain quality measures. Health plans that excel on meeting the measures are eligible for a bonus of up to 4 percent of their capitation rate; health plans that don't meet their measures can lose up to 4 percent of their capitation rate. In aggregate all premium dollars recouped through penalties are dispersed back to the health plans eligible for the quality bonus. In sum, this program is budget neutral and does not result in a net gain or a net loss from the aggregate premium rates certified in this report. We have reviewed the various measures and have concluded that it is reasonable to expect the health plans to achieve the targeted quality measures and no further adjustment to the premium rates are necessary. Attachment 9 presents further information regarding the P4Q Program and its measures.



#### IV. Administrative Fees, Taxes 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 (\$0.07 pmpm) and a risk margin (2.0% of premium).

The capitation rates included in this document do not include provision for the Affordable Care Act (ACA) Health Insurance Providers Fee. HHSC has developed a procedure for reimbursing the MCOs for (i) the ACA Health Insurance Providers Fee, (ii) any applicable federal income tax impact resulting from payment of the ACA Health Insurance Providers Fee and (iii) any applicable state premium tax impact resulting from payment of the ACA Health Insurance Providers Fee. Such reimbursement will be provided based on a CMS-approved methodology.

## V. CHIP Perinatal

Since January 1, 2007, a new group of clients has 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 198% FPL) and limited prenatal and post-natal services only.

We have developed premium rates for three categories of clients: (1) newborns between 198% and 202% FPL; (2) expectant mothers under 198% FPL; and (3) expectant mothers between 198% and 202% FPL.

The CHIP Perinatal FY2016 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 FY2016 CHIP Perinatal rates.

## VI. CHIP Dental

The actuarial model used to derive the FY2016 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 January 1, 2014 through December 31, 2014 were developed. The claims experience was trended forward to FY2016 using assumed trend rates of 5.0% for FY2015 and FY2016.

Provisions for administrative expenses, taxes and risk margin were added to the projected claims to produce the FY2016 premium rates. Attachment 8 includes additional documentation regarding the rate calculation for CHIP Dental.

## VII. Summary

The chart below presents the results of the FY2016 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 2016”.

Health Plan	CHIP - Medical & Prescription Drug Rates				DSP
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	
FY2016 CHIP Premium Rates pmpm					
Aetna - Bexar	224.13	103.63	100.58	100.25	3,100.00
Amerigroup - Bexar	224.13	112.41	75.29	91.39	3,100.00
CFHP - Bexar	224.13	128.28	107.26	130.74	3,100.00
Superior - Bexar	224.13	118.32	104.37	131.90	3,100.00
Amerigroup - Dallas	224.13	137.22	121.20	140.43	3,100.00
Molina - Dallas	224.13	119.88	101.28	117.34	3,100.00
Parkland - Dallas	224.13	154.99	129.02	141.71	3,100.00
El Paso First - El Paso	224.13	95.59	97.20	108.37	3,100.00
Superior - El Paso	224.13	127.48	94.96	99.45	3,100.00
Amerigroup - Harris	224.13	139.47	97.83	114.68	3,100.00
CHC - Harris	224.13	160.26	112.63	153.04	3,100.00
Molina - Harris	224.13	148.76	113.90	135.63	3,100.00
TCHP - Harris	224.13	182.41	146.21	203.55	3,100.00
United - Harris	224.13	108.65	106.81	185.23	3,100.00
Amerigroup - Jefferson	224.13	81.79	106.44	85.67	3,100.00
CHC - Jefferson	224.13	136.74	131.43	177.22	3,100.00
Molina - Jefferson	224.13	128.14	95.28	74.91	3,100.00
TCHP - Jefferson	224.13	142.81	139.60	170.78	3,100.00
United - Jefferson	224.13	125.69	117.89	141.04	3,100.00
Firstcare - Lubbock	224.13	127.23	105.55	131.48	3,100.00
Superior - Lubbock	224.13	124.99	97.39	120.04	3,100.00
Christus - Nueces	224.13	118.70	147.98	172.34	3,100.00
Driscoll - Nueces	224.13	183.75	158.32	182.56	3,100.00
Superior - Nueces	224.13	192.19	142.57	151.66	3,100.00
Aetna - Tarrant	224.13	105.19	97.38	132.78	3,100.00
Amerigroup - Tarrant	224.13	133.77	113.14	138.61	3,100.00
Cook - Tarrant	224.13	150.07	134.95	175.45	3,100.00
BCBS - Travis	224.13	146.38	108.46	113.86	3,100.00
Sendero - Travis	224.13	145.78	88.50	103.52	3,100.00
Seton - Travis	224.13	140.23	111.78	160.23	3,100.00
Superior - Travis	224.13	144.36	110.51	153.87	3,100.00
Molina - RSA	224.13	107.46	94.79	115.62	3,100.00
Superior - RSA	224.13	113.26	107.82	129.83	3,100.00

CHIP Perinate - Medical & Prescription Drug Rates

Health Plan	Newborns	Perinate	Perinate	DSP
	198%-202%	<198%	198%-202%	
FY2016 CHIP Perinate Premium Rates pmpm				
Aetna - Bexar	321.82	334.50	235.86	3,100.00
Amerigroup - Bexar	321.82	334.50	235.86	3,100.00
CFHP - Bexar	321.82	334.50	235.86	3,100.00
Superior - Bexar	321.82	334.50	235.86	3,100.00
Amerigroup - Dallas	321.82	378.82	235.86	3,100.00
Molina - Dallas	321.82	378.82	235.86	3,100.00
Parkland - Dallas	321.82	378.82	235.86	3,100.00
El Paso First - El Paso	321.82	372.26	235.86	3,100.00
Superior - El Paso	321.82	372.26	235.86	3,100.00
Amerigroup - Harris	321.82	502.27	235.86	3,100.00
CHC - Harris	321.82	502.27	235.86	3,100.00
Molina - Harris	321.82	502.27	235.86	3,100.00
TCHP - Harris	321.82	502.27	235.86	3,100.00
United - Harris	321.82	502.27	235.86	3,100.00
Amerigroup - Jefferson	321.82	601.56	235.86	3,100.00
CHC - Jefferson	321.82	601.56	235.86	3,100.00
Molina - Jefferson	321.82	601.56	235.86	3,100.00
TCHP - Jefferson	321.82	601.56	235.86	3,100.00
United - Jefferson	321.82	601.56	235.86	3,100.00
Firstcare - Lubbock	321.82	373.09	235.86	3,100.00
Superior - Lubbock	321.82	373.09	235.86	3,100.00
Christus - Nueces	321.82	401.56	235.86	3,100.00
Driscoll - Nueces	321.82	401.56	235.86	3,100.00
Superior - Nueces	321.82	401.56	235.86	3,100.00
Aetna - Tarrant	321.82	363.00	235.86	3,100.00
Amerigroup - Tarrant	321.82	363.00	235.86	3,100.00
Cook - Tarrant	321.82	363.00	235.86	3,100.00
BCBS - Travis	321.82	466.01	235.86	3,100.00
Sendero - Travis	321.82	466.01	235.86	3,100.00
Seton - Travis	321.82	466.01	235.86	3,100.00
Superior - Travis	321.82	466.01	235.86	3,100.00
Molina - RSA	321.82	381.50	235.86	3,100.00
Superior - RSA	321.82	381.50	235.86	3,100.00

CHIP Dental Rates

Health Plan	Under	Ages	Ages	Ages
	Age 1	1-5	6-14	15-18
FY2016 Premium Rates pmpm	3.00	18.24	26.11	23.43

Attachment 1 presents additional information regarding the FY2016 CHIP rates including a comparison to current (FY2015) rates. Attachments 7 and 8 contain additional information regarding the FY2016 CHIP Perinatal and CHIP Dental plan rates, respectively.

## VIII. Actuarial Certification of FY2016 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 2016 (FY2016) 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 FY2016 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 FY2016 CHIP Rating Analysis

The attached exhibit presents summary information regarding the FY2016 CHIP health plan rates. Included on the exhibit are current (FY2015) premium, split between medical, prescription drug, and delivery supplemental payment (DSP) rates; FY2016 premium, split between medical, prescription drug and DSP rates; and a comparison of FY2015 and FY2016 premium rates.

## FY2016 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
Current (9/1/14-8/31/15) Medical Premium Rates pmpm					
Aetna - Bexar	137.13	96.93	65.38	75.71	3,100.00
Amerigroup - Bexar	137.13	58.45	42.15	51.26	3,100.00
CFHP - Bexar	137.13	112.55	73.14	100.23	3,100.00
Superior - Bexar	137.13	102.83	71.84	83.94	3,100.00
Amerigroup - Dallas	137.13	132.42	84.45	109.64	3,100.00
Molina - Dallas	137.13	107.23	66.82	82.35	3,100.00
Parkland - Dallas	137.13	126.53	87.55	115.51	3,100.00
El Paso First - El Paso	137.13	97.41	61.90	71.13	3,100.00
Superior - El Paso	137.13	102.59	70.05	77.29	3,100.00
Amerigroup - Harris	137.13	127.47	76.26	118.80	3,100.00
CHC - Harris	137.13	120.67	78.03	116.19	3,100.00
Molina - Harris	137.13	118.11	68.28	126.60	3,100.00
TCHP - Harris	137.13	139.56	105.25	147.96	3,100.00
United - Harris	137.13	96.86	77.89	113.33	3,100.00
Amerigroup - Jefferson	137.13	44.28	65.10	56.66	3,100.00
CHC - Jefferson	137.13	105.11	81.08	135.82	3,100.00
Molina - Jefferson	137.13	88.37	77.62	68.73	3,100.00
TCHP - Jefferson	137.13	122.84	98.30	148.00	3,100.00
United - Jefferson	137.13	95.66	97.00	126.58	3,100.00
Firstcare - Lubbock	137.13	112.73	55.52	81.01	3,100.00
Superior - Lubbock	137.13	89.33	58.34	76.70	3,100.00
Christus - Nueces	137.13	75.55	81.16	112.90	3,100.00
Driscoll - Nueces	137.13	129.31	106.01	153.04	3,100.00
Superior - Nueces	137.13	139.60	86.10	117.48	3,100.00
Aetna - Tarrant	137.13	100.30	66.24	81.17	3,100.00
Amerigroup - Tarrant	137.13	110.81	83.82	91.48	3,100.00
Cook - Tarrant	137.13	144.17	106.13	123.91	3,100.00
BCBS - Travis	137.13	121.54	78.66	95.47	3,100.00
Sendero - Travis	137.13	79.57	57.04	73.59	3,100.00
Seton - Travis	137.13	117.28	84.13	104.98	3,100.00
Superior - Travis	137.13	117.52	83.41	110.81	3,100.00
Molina - RSA	137.13	74.38	60.02	74.50	3,100.00
Superior - RSA	137.13	83.31	68.68	86.93	3,100.00

## FY2016 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
Current (9/1/14-8/31/15) Prescription Drug Premium Rates pmpm					
Aetna - Bexar	13.33	16.41	31.22	27.29	
Amerigroup - Bexar	13.33	12.83	26.09	23.95	
CFHP - Bexar	13.33	17.31	31.73	32.81	
Superior - Bexar	13.33	16.89	33.29	29.36	
Amerigroup - Dallas	13.33	21.67	32.80	39.26	
Molina - Dallas	13.33	18.20	26.91	30.58	
Parkland - Dallas	13.33	20.71	34.01	41.37	
El Paso First - El Paso	13.33	16.53	26.46	24.15	
Superior - El Paso	13.33	17.41	29.94	26.24	
Amerigroup - Harris	13.33	20.58	24.50	32.53	
CHC - Harris	13.33	17.49	22.51	28.56	
Molina - Harris	13.33	20.17	23.20	36.66	
TCHP - Harris	13.33	20.23	30.36	36.37	
United - Harris	13.33	15.14	24.22	30.03	
Amerigroup - Jefferson	13.33	13.48	36.86	25.31	
CHC - Jefferson	13.33	22.15	31.78	42.01	
Molina - Jefferson	13.33	21.04	34.39	24.03	
TCHP - Jefferson	13.33	25.06	37.31	44.32	
United - Jefferson	13.33	19.77	37.30	38.41	
Firstcare - Lubbock	13.33	20.26	30.13	34.61	
Superior - Lubbock	13.33	16.06	31.66	32.77	
Christus - Nueces	13.33	12.95	31.80	26.59	
Driscoll - Nueces	13.33	22.17	41.54	36.04	
Superior - Nueces	13.33	27.60	38.91	31.91	
Aetna - Tarrant	13.33	13.99	23.28	26.07	
Amerigroup - Tarrant	13.33	15.45	29.46	29.39	
Cook - Tarrant	13.33	20.11	37.31	39.80	
BCBS - Travis	13.33	14.73	24.30	29.58	
Sendero - Travis	13.33	9.64	17.62	22.80	
Seton - Travis	13.33	14.21	26.00	32.53	
Superior - Travis	13.33	14.24	25.77	34.33	
Molina - RSA	13.33	26.24	33.74	29.09	
Superior - RSA	13.33	29.40	38.60	33.95	

## FY2016 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	150.46	113.34	96.60	103.00	3,100.00
Amerigroup - Bexar	150.46	71.28	68.24	75.21	3,100.00
CFHP - Bexar	150.46	129.86	104.87	133.04	3,100.00
Superior - Bexar	150.46	119.72	105.13	113.30	3,100.00
Amerigroup - Dallas	150.46	154.09	117.25	148.90	3,100.00
Molina - Dallas	150.46	125.43	93.73	112.93	3,100.00
Parkland - Dallas	150.46	147.24	121.56	156.88	3,100.00
El Paso First - El Paso	150.46	113.94	88.36	95.28	3,100.00
Superior - El Paso	150.46	120.00	99.99	103.53	3,100.00
Amerigroup - Harris	150.46	148.05	100.76	151.33	3,100.00
CHC - Harris	150.46	138.16	100.54	144.75	3,100.00
Molina - Harris	150.46	138.28	91.48	163.26	3,100.00
TCHP - Harris	150.46	159.79	135.61	184.33	3,100.00
United - Harris	150.46	112.00	102.11	143.36	3,100.00
Amerigroup - Jefferson	150.46	57.76	101.96	81.97	3,100.00
CHC - Jefferson	150.46	127.26	112.86	177.83	3,100.00
Molina - Jefferson	150.46	109.41	112.01	92.76	3,100.00
TCHP - Jefferson	150.46	147.90	135.61	192.32	3,100.00
United - Jefferson	150.46	115.43	134.30	164.99	3,100.00
Firstcare - Lubbock	150.46	132.99	85.65	115.62	3,100.00
Superior - Lubbock	150.46	105.39	90.00	109.47	3,100.00
Christus - Nueces	150.46	88.50	112.96	139.49	3,100.00
Driscoll - Nueces	150.46	151.48	147.55	189.08	3,100.00
Superior - Nueces	150.46	167.20	125.01	149.39	3,100.00
Aetna - Tarrant	150.46	114.29	89.52	107.24	3,100.00
Amerigroup - Tarrant	150.46	126.26	113.28	120.87	3,100.00
Cook - Tarrant	150.46	164.28	143.44	163.71	3,100.00
BCBS - Travis	150.46	136.27	102.96	125.05	3,100.00
Sendero - Travis	150.46	89.21	74.66	96.39	3,100.00
Seton - Travis	150.46	131.49	110.13	137.51	3,100.00
Superior - Travis	150.46	131.76	109.18	145.14	3,100.00
Molina - RSA	150.46	100.62	93.76	103.59	3,100.00
Superior - RSA	150.46	112.71	107.28	120.88	3,100.00

## FY2016 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2016 Medical Premium Rates pmpm					
Aetna - Bexar	204.93	89.26	68.43	71.05	3,100.00
Amerigroup - Bexar	204.93	97.52	51.74	68.16	3,100.00
CFHP - Bexar	204.93	111.29	73.70	97.51	3,100.00
Superior - Bexar	204.93	102.65	71.72	98.37	3,100.00
Amerigroup - Dallas	204.93	118.34	88.31	103.13	3,100.00
Molina - Dallas	204.93	103.38	73.80	86.17	3,100.00
Parkland - Dallas	204.93	133.66	94.01	104.07	3,100.00
El Paso First - El Paso	204.93	80.34	70.44	83.32	3,100.00
Superior - El Paso	204.93	107.15	68.82	76.46	3,100.00
Amerigroup - Harris	204.93	120.08	69.23	86.54	3,100.00
CHC - Harris	204.93	141.64	86.79	124.23	3,100.00
Molina - Harris	204.93	129.20	85.19	101.50	3,100.00
TCHP - Harris	204.93	161.22	112.67	165.23	3,100.00
United - Harris	204.93	93.71	80.14	152.04	3,100.00
Amerigroup - Jefferson	204.93	64.70	66.12	56.61	3,100.00
CHC - Jefferson	204.93	114.85	85.97	133.05	3,100.00
Molina - Jefferson	204.93	102.45	61.26	53.40	3,100.00
TCHP - Jefferson	204.93	119.95	91.31	128.22	3,100.00
United - Jefferson	204.93	105.57	77.11	105.89	3,100.00
Firstcare - Lubbock	204.93	105.20	69.53	90.71	3,100.00
Superior - Lubbock	204.93	103.35	64.16	82.82	3,100.00
Christus - Nueces	204.93	98.31	105.74	143.98	3,100.00
Driscoll - Nueces	204.93	155.92	116.27	149.83	3,100.00
Superior - Nueces	204.93	163.78	102.48	124.29	3,100.00
Aetna - Tarrant	204.93	91.33	71.58	103.27	3,100.00
Amerigroup - Tarrant	204.93	116.14	83.16	107.80	3,100.00
Cook - Tarrant	204.93	130.29	99.19	136.45	3,100.00
BCBS - Travis	204.93	131.18	83.86	89.29	3,100.00
Sendero - Travis	204.93	130.64	68.43	81.18	3,100.00
Seton - Travis	204.93	125.67	86.43	125.65	3,100.00
Superior - Travis	204.93	130.09	84.79	118.72	3,100.00
Molina - RSA	204.93	80.86	59.30	81.14	3,100.00
Superior - RSA	204.93	85.23	67.45	91.11	3,100.00

## FY2016 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2016 Prescription Drug Premium Rates pmpm					
Aetna - Bexar	19.20	14.37	32.15	29.20	
Amerigroup - Bexar	19.20	14.89	23.55	23.23	
CFHP - Bexar	19.20	16.99	33.56	33.23	
Superior - Bexar	19.20	15.67	32.65	33.53	
Amerigroup - Dallas	19.20	18.88	32.89	37.30	
Molina - Dallas	19.20	16.50	27.48	31.17	
Parkland - Dallas	19.20	21.33	35.01	37.64	
El Paso First - El Paso	19.20	15.25	26.76	25.05	
Superior - El Paso	19.20	20.33	26.14	22.99	
Amerigroup - Harris	19.20	19.39	28.60	28.14	
CHC - Harris	19.20	18.62	25.84	28.81	
Molina - Harris	19.20	19.56	28.71	34.13	
TCHP - Harris	19.20	21.19	33.54	38.32	
United - Harris	19.20	14.94	26.67	33.19	
Amerigroup - Jefferson	19.20	17.09	40.32	29.06	
CHC - Jefferson	19.20	21.89	45.46	44.17	
Molina - Jefferson	19.20	25.69	34.02	21.51	
TCHP - Jefferson	19.20	22.86	48.29	42.56	
United - Jefferson	19.20	20.12	40.78	35.15	
Firstcare - Lubbock	19.20	22.03	36.02	40.77	
Superior - Lubbock	19.20	21.64	33.23	37.22	
Christus - Nueces	19.20	20.39	42.24	28.36	
Driscoll - Nueces	19.20	27.83	42.05	32.73	
Superior - Nueces	19.20	28.41	40.09	27.37	
Aetna - Tarrant	19.20	13.86	25.80	29.51	
Amerigroup - Tarrant	19.20	17.63	29.98	30.81	
Cook - Tarrant	19.20	19.78	35.76	39.00	
BCBS - Travis	19.20	15.20	24.60	24.57	
Sendero - Travis	19.20	15.14	20.07	22.34	
Seton - Travis	19.20	14.56	25.35	34.58	
Superior - Travis	19.20	14.27	25.72	35.15	
Molina - RSA	19.20	26.60	35.49	34.48	
Superior - RSA	19.20	28.03	40.37	38.72	

## FY2016 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2016 Total Premium Rates pmpm					
Aetna - Bexar	224.13	103.63	100.58	100.25	3,100.00
Amerigroup - Bexar	224.13	112.41	75.29	91.39	3,100.00
CFHP - Bexar	224.13	128.28	107.26	130.74	3,100.00
Superior - Bexar	224.13	118.32	104.37	131.90	3,100.00
Amerigroup - Dallas	224.13	137.22	121.20	140.43	3,100.00
Molina - Dallas	224.13	119.88	101.28	117.34	3,100.00
Parkland - Dallas	224.13	154.99	129.02	141.71	3,100.00
El Paso First - El Paso	224.13	95.59	97.20	108.37	3,100.00
Superior - El Paso	224.13	127.48	94.96	99.45	3,100.00
Amerigroup - Harris	224.13	139.47	97.83	114.68	3,100.00
CHC - Harris	224.13	160.26	112.63	153.04	3,100.00
Molina - Harris	224.13	148.76	113.90	135.63	3,100.00
TCHP - Harris	224.13	182.41	146.21	203.55	3,100.00
United - Harris	224.13	108.65	106.81	185.23	3,100.00
Amerigroup - Jefferson	224.13	81.79	106.44	85.67	3,100.00
CHC - Jefferson	224.13	136.74	131.43	177.22	3,100.00
Molina - Jefferson	224.13	128.14	95.28	74.91	3,100.00
TCHP - Jefferson	224.13	142.81	139.60	170.78	3,100.00
United - Jefferson	224.13	125.69	117.89	141.04	3,100.00
Firstcare - Lubbock	224.13	127.23	105.55	131.48	3,100.00
Superior - Lubbock	224.13	124.99	97.39	120.04	3,100.00
Christus - Nueces	224.13	118.70	147.98	172.34	3,100.00
Driscoll - Nueces	224.13	183.75	158.32	182.56	3,100.00
Superior - Nueces	224.13	192.19	142.57	151.66	3,100.00
Aetna - Tarrant	224.13	105.19	97.38	132.78	3,100.00
Amerigroup - Tarrant	224.13	133.77	113.14	138.61	3,100.00
Cook - Tarrant	224.13	150.07	134.95	175.45	3,100.00
BCBS - Travis	224.13	146.38	108.46	113.86	3,100.00
Sendero - Travis	224.13	145.78	88.50	103.52	3,100.00
Seton - Travis	224.13	140.23	111.78	160.23	3,100.00
Superior - Travis	224.13	144.36	110.51	153.87	3,100.00
Molina - RSA	224.13	107.46	94.79	115.62	3,100.00
Superior - RSA	224.13	113.26	107.82	129.83	3,100.00

## FY2016 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2016 Medical Premium Rate Change					
Aetna - Bexar	49.4%	-7.9%	4.7%	-6.2%	0.0%
Amerigroup - Bexar	49.4%	66.8%	22.8%	33.0%	0.0%
CFHP - Bexar	49.4%	-1.1%	0.8%	-2.7%	0.0%
Superior - Bexar	49.4%	-0.2%	-0.2%	17.2%	0.0%
Amerigroup - Dallas	49.4%	-10.6%	4.6%	-5.9%	0.0%
Molina - Dallas	49.4%	-3.6%	10.4%	4.6%	0.0%
Parkland - Dallas	49.4%	5.6%	7.4%	-9.9%	0.0%
El Paso First - El Paso	49.4%	-17.5%	13.8%	17.1%	0.0%
Superior - El Paso	49.4%	4.4%	-1.8%	-1.1%	0.0%
Amerigroup - Harris	49.4%	-5.8%	-9.2%	-27.2%	0.0%
CHC - Harris	49.4%	17.4%	11.2%	6.9%	0.0%
Molina - Harris	49.4%	9.4%	24.8%	-19.8%	0.0%
TCHP - Harris	49.4%	15.5%	7.0%	11.7%	0.0%
United - Harris	49.4%	-3.3%	2.9%	34.2%	0.0%
Amerigroup - Jefferson	49.4%	46.1%	1.6%	-0.1%	0.0%
CHC - Jefferson	49.4%	9.3%	6.0%	-2.0%	0.0%
Molina - Jefferson	49.4%	15.9%	-21.1%	-22.3%	0.0%
TCHP - Jefferson	49.4%	-2.4%	-7.1%	-13.4%	0.0%
United - Jefferson	49.4%	10.4%	-20.5%	-16.3%	0.0%
Firstcare - Lubbock	49.4%	-6.7%	25.2%	12.0%	0.0%
Superior - Lubbock	49.4%	15.7%	10.0%	8.0%	0.0%
Christus - Nueces	49.4%	30.1%	30.3%	27.5%	0.0%
Driscoll - Nueces	49.4%	20.6%	9.7%	-2.1%	0.0%
Superior - Nueces	49.4%	17.3%	19.0%	5.8%	0.0%
Aetna - Tarrant	49.4%	-8.9%	8.1%	27.2%	0.0%
Amerigroup - Tarrant	49.4%	4.8%	-0.8%	17.8%	0.0%
Cook - Tarrant	49.4%	-9.6%	-6.5%	10.1%	0.0%
BCBS - Travis	49.4%	7.9%	6.6%	-6.5%	0.0%
Sendero - Travis	49.4%	64.2%	20.0%	10.3%	0.0%
Seton - Travis	49.4%	7.2%	2.7%	19.7%	0.0%
Superior - Travis	49.4%	10.7%	1.7%	7.1%	0.0%
Molina - RSA	49.4%	8.7%	-1.2%	8.9%	0.0%
Superior - RSA	49.4%	2.3%	-1.8%	4.8%	0.0%



## FY2016 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2016 Prescription Drug Premium Rate Change					
Aetna - Bexar	44.0%	-12.4%	3.0%	7.0%	
Amerigroup - Bexar	44.0%	16.1%	-9.7%	-3.0%	
CFHP - Bexar	44.0%	-1.8%	5.8%	1.3%	
Superior - Bexar	44.0%	-7.2%	-1.9%	14.2%	
Amerigroup - Dallas	44.0%	-12.9%	0.3%	-5.0%	
Molina - Dallas	44.0%	-9.3%	2.1%	1.9%	
Parkland - Dallas	44.0%	3.0%	2.9%	-9.0%	
El Paso First - El Paso	44.0%	-7.7%	1.1%	3.7%	
Superior - El Paso	44.0%	16.8%	-12.7%	-12.4%	
Amerigroup - Harris	44.0%	-5.8%	16.7%	-13.5%	
CHC - Harris	44.0%	6.5%	14.8%	0.9%	
Molina - Harris	44.0%	-3.0%	23.8%	-6.9%	
TCHP - Harris	44.0%	4.7%	10.5%	5.4%	
United - Harris	44.0%	-1.3%	10.1%	10.5%	
Amerigroup - Jefferson	44.0%	26.8%	9.4%	14.8%	
CHC - Jefferson	44.0%	-1.2%	43.0%	5.1%	
Molina - Jefferson	44.0%	22.1%	-1.1%	-10.5%	
TCHP - Jefferson	44.0%	-8.8%	29.4%	-4.0%	
United - Jefferson	44.0%	1.8%	9.3%	-8.5%	
Firstcare - Lubbock	44.0%	8.7%	19.5%	17.8%	
Superior - Lubbock	44.0%	34.7%	5.0%	13.6%	
Christus - Nueces	44.0%	57.5%	32.8%	6.7%	
Driscoll - Nueces	44.0%	25.5%	1.2%	-9.2%	
Superior - Nueces	44.0%	2.9%	3.0%	-14.2%	
Aetna - Tarrant	44.0%	-0.9%	10.8%	13.2%	
Amerigroup - Tarrant	44.0%	14.1%	1.8%	4.8%	
Cook - Tarrant	44.0%	-1.6%	-4.2%	-2.0%	
BCBS - Travis	44.0%	3.2%	1.2%	-16.9%	
Sendero - Travis	44.0%	57.1%	13.9%	-2.0%	
Seton - Travis	44.0%	2.5%	-2.5%	6.3%	
Superior - Travis	44.0%	0.2%	-0.2%	2.4%	
Molina - RSA	44.0%	1.4%	5.2%	18.5%	
Superior - RSA	44.0%	-4.7%	4.6%	14.1%	

## FY2016 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2016 Total Premium Rate Change					
Aetna - Bexar	49.0%	-8.6%	4.1%	-2.7%	0.0%
Amerigroup - Bexar	49.0%	57.7%	10.3%	21.5%	0.0%
CFHP - Bexar	49.0%	-1.2%	2.3%	-1.7%	0.0%
Superior - Bexar	49.0%	-1.2%	-0.7%	16.4%	0.0%
Amerigroup - Dallas	49.0%	-10.9%	3.4%	-5.7%	0.0%
Molina - Dallas	49.0%	-4.4%	8.1%	3.9%	0.0%
Parkland - Dallas	49.0%	5.3%	6.1%	-9.7%	0.0%
El Paso First - El Paso	49.0%	-16.1%	10.0%	13.7%	0.0%
Superior - El Paso	49.0%	6.2%	-5.0%	-3.9%	0.0%
Amerigroup - Harris	49.0%	-5.8%	-2.9%	-24.2%	0.0%
CHC - Harris	49.0%	16.0%	12.0%	5.7%	0.0%
Molina - Harris	49.0%	7.6%	24.5%	-16.9%	0.0%
TCHP - Harris	49.0%	14.2%	7.8%	10.4%	0.0%
United - Harris	49.0%	-3.0%	4.6%	29.2%	0.0%
Amerigroup - Jefferson	49.0%	41.6%	4.4%	4.5%	0.0%
CHC - Jefferson	49.0%	7.4%	16.5%	-0.3%	0.0%
Molina - Jefferson	49.0%	17.1%	-14.9%	-19.2%	0.0%
TCHP - Jefferson	49.0%	-3.4%	2.9%	-11.2%	0.0%
United - Jefferson	49.0%	8.9%	-12.2%	-14.5%	0.0%
Firstcare - Lubbock	49.0%	-4.3%	23.2%	13.7%	0.0%
Superior - Lubbock	49.0%	18.6%	8.2%	9.7%	0.0%
Christus - Nueces	49.0%	34.1%	31.0%	23.6%	0.0%
Driscoll - Nueces	49.0%	21.3%	7.3%	-3.4%	0.0%
Superior - Nueces	49.0%	14.9%	14.0%	1.5%	0.0%
Aetna - Tarrant	49.0%	-8.0%	8.8%	23.8%	0.0%
Amerigroup - Tarrant	49.0%	5.9%	-0.1%	14.7%	0.0%
Cook - Tarrant	49.0%	-8.6%	-5.9%	7.2%	0.0%
BCBS - Travis	49.0%	7.4%	5.3%	-8.9%	0.0%
Sendero - Travis	49.0%	63.4%	18.5%	7.4%	0.0%
Seton - Travis	49.0%	6.6%	1.5%	16.5%	0.0%
Superior - Travis	49.0%	9.6%	1.2%	6.0%	0.0%
Molina - RSA	49.0%	6.8%	1.1%	11.6%	0.0%
Superior - RSA	49.0%	0.5%	0.5%	7.4%	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 2011 through February 2015. 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 2011 through February 2015.

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, 2015, (iii) estimated proportion of that month's incurred claims paid through February, 2015 (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 FY2016 cost based on the plan's actual experience. The top of the exhibit shows summary base period (FY2014) enrollment, premium and claims experience. Trend assumptions for FY2015 and FY2016 are used to project the average base period claims cost to FY2016. 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 (\$.070 pmpm).

At the bottom of Exhibit D is a summary of the projected FY2016 cost based on the above assumptions

Sample Health Plan  
Enrollment and Premium Experience

Month	Number of Members				Total Members	Premium	Premium pmpm
	<1	1-5	6-14	15-18			
Sep-11	124	5,188	15,901	5,132	26,345	1,912,339	72.59
Oct-11	114	4,896	15,278	4,918	25,206	1,827,852	72.52
Nov-11	104	4,410	14,441	4,721	23,676	1,719,029	72.61
Dec-11	98	4,151	13,842	4,541	22,632	1,643,508	72.62
Jan-12	84	3,945	13,248	4,363	21,640	1,569,212	72.51
Feb-12	80	3,778	12,940	4,286	21,084	1,529,380	72.54
Mar-12	85	3,602	12,610	4,236	20,533	1,493,965	72.76
Apr-12	72	3,458	12,326	4,107	19,963	1,448,064	72.54
May-12	68	3,360	12,063	4,013	19,504	1,413,847	72.49
Jun-12	57	3,315	11,940	3,987	19,299	1,396,455	72.36
Jul-12	54	3,298	11,968	4,010	19,330	1,398,322	72.34
Aug-12	48	3,276	11,957	4,033	19,314	1,396,413	72.30
Sep-12	52	3,228	11,979	4,045	19,304	1,497,835	77.59
Oct-12	44	3,134	11,888	3,989	19,055	1,473,875	77.35
Nov-12	45	3,062	11,636	3,994	18,737	1,453,300	77.56
Dec-12	46	3,004	11,658	3,966	18,674	1,446,630	77.47
Jan-13	43	2,927	11,618	3,986	18,574	1,438,250	77.43
Feb-13	42	2,904	11,562	3,948	18,456	1,428,000	77.37
Mar-13	45	2,878	11,497	3,941	18,361	1,422,305	77.46
Apr-13	45	2,910	11,557	3,950	18,463	1,430,030	77.46
May-13	45	2,927	11,645	3,985	18,603	1,440,864	77.45
Jun-13	46	2,950	11,747	4,021	18,764	1,453,372	77.46
Jul-13	46	2,982	11,862	4,058	18,949	1,467,683	77.45
Aug-13	47	3,013	11,992	4,103	19,155	1,483,648	77.45
Sep-13	46	3,002	11,971	4,090	19,109	1,449,030	75.83
Oct-13	45	2,991	11,950	4,077	19,063	1,444,963	75.80
Nov-13	44	2,980	11,929	4,064	19,017	1,440,896	75.77
Dec-13	43	2,969	11,908	4,051	18,971	1,436,829	75.74
Jan-14	42	2,958	11,887	4,038	18,925	1,432,762	75.71
Feb-14	41	2,947	11,866	4,025	18,879	1,428,695	75.67
Mar-14	40	2,936	11,845	4,012	18,833	1,424,628	75.64
Apr-14	44	2,964	11,847	4,040	18,895	1,431,973	75.79
May-14	44	2,994	11,965	4,080	19,083	1,446,064	75.78
Jun-14	43	3,024	12,085	4,121	19,273	1,459,960	75.75
Jul-14	43	3,039	12,145	4,142	19,369	1,467,176	75.75
Aug-14	47	3,059	12,226	4,170	19,502	1,478,560	75.82
Sep-14	47	3,065	12,252	4,179	19,543	1,561,595	79.91
Oct-14	47	3,068	12,264	4,183	19,562	1,563,110	79.91
Nov-14	47	3,075	12,292	4,193	19,607	1,566,706	79.91
Dec-14	45	3,078	12,304	4,197	19,624	1,567,980	79.90
Jan-15	48	3,081	12,316	4,201	19,646	1,569,858	79.91
Feb-15	46	3,084	12,328	4,205	19,663	1,571,132	79.90
FY2012	988	46,677	158,514	52,347	258,526	18,748,386	72.52
FY2013	547	35,920	140,641	47,987	225,095	17,435,792	77.46
FY2014	520	35,865	143,623	48,913	228,922	17,341,535	75.75

Sample Health Plan  
CHIP Incurred Claims Summary Lag Report

Month Incurred	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
<b>Ages 6-14</b>															
Sep-11	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-11		86,099	328,120	197,976	18,651	12,689	-1,201	-254	838	990	146	7,384	0	0	1,735
Nov-11			17,351	367,907	68,405	39,292	5,651	3,370	7,579	1,947	657	-57	0	-43	32
Dec-11				79,890	251,389	123,262	19,456	6,304	2,806	2,392	107	-157	-1,160	66	-30
Jan-12					17,198	383,437	95,120	15,460	4,917	5,241	94	3	849	301	371
Feb-12						58,788	330,673	63,094	25,904	8,509	2,334	-1,095	466	0	0
Mar-12							37,050	375,045	87,951	25,614	3,633	1,463	902	-2,288	956
Apr-12								49,356	358,033	79,963	16,664	7,310	348	3,833	720
May-12									50,126	340,480	109,840	31,914	7,497	6,509	1,813
Jun-12										43,481	290,289	255,510	13,292	7,486	1,683
Jul-12											20,983	305,586	130,515	70,186	4,511
Aug-12												32,812	371,147	109,441	16,108
Sep-12													50,488	529,966	240,552
Oct-12														6,091	398,876
Nov-12															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-11	15,901	558,351	1.000	558,351	35.11		5,132	197,614	1.000	197,614	38.51	
Oct-11	15,278	654,945	1.000	654,945	42.87		4,918	219,280	1.000	219,280	44.59	
Nov-11	14,441	512,126	1.000	512,126	35.46		4,721	145,363	1.000	145,363	30.79	
Dec-11	13,842	481,758	1.000	481,758	34.80		4,541	173,388	1.000	173,388	38.18	
Jan-12	13,248	524,336	1.000	524,336	39.58		4,363	152,657	1.000	152,657	34.99	
Feb-12	12,940	488,266	1.000	488,266	37.73		4,286	162,354	1.000	162,354	37.88	
Mar-12	12,610	530,040	1.000	530,040	42.03		4,236	194,139	1.000	194,139	45.83	
Apr-12	12,326	517,116	1.000	517,116	41.95		4,107	157,314	1.000	157,314	38.30	
May-12	12,063	546,601	1.000	546,601	45.31		4,013	124,140	1.000	124,140	30.93	
Jun-12	11,940	626,076	1.000	626,076	52.44		3,987	109,522	1.000	109,522	27.47	
Jul-12	11,968	543,697	1.000	543,697	45.43		4,010	164,529	1.000	164,529	41.03	
Aug-12	11,957	545,204	1.000	545,204	45.60		4,033	148,171	1.000	148,171	36.74	
Sep-12	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-12	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-12	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-12	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-13	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-13	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-13	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-13	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-13	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-13	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-13	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-13	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-13	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-13	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-13	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-13	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-14	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-14	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-14	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-14	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-14	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-14	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-14	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-14	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-14	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-14	12,264	574,896	0.999	575,471	46.92	0.937	4,183	167,963	0.992	169,318	40.48	1.093

Sample Health Plan  
 Estimated Claims Experience

Ages 6-14							Ages 15-18					
Month	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
Nov-14	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-14	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-15	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-15	12,328	37,308	0.758	49,220	3.99	0.091	4,205	117,532	0.650	180,819	43.00	1.041
FY2012	158,514			6,528,516	41.19		52,347			1,948,470	37.22	
FY2013	140,641			8,824,296	62.74	1.523	47,987			1,689,551	35.21	0.946
FY2014	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: FY2016 (9/1/2015 - 8/31/2016)

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013 - 8/31/2014										
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 (Current Rates)	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 FY2016 Member Months	335		27,561		119,625		44,598		192,119	
Projected FY2016 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										
FY2015	5.2 %		5.2 %		5.2 %		5.2 %			
FY2016	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	1.0000		1.0000		1.0000		1.0000			
Other Reimbursement Changes	0.9798		0.9811		0.9811		0.9806			
Projected Incurred Claims	33,630	100.39	1,877,949	68.14	6,822,816	57.04	2,102,099	47.13	10,836,493	56.41
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: FY2016 (9/1/2015 - 8/31/2016)

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Administrative Expenses										
Fixed Amount	2,680	8.00	220,488	8.00	957,000	8.00	356,784	8.00	1,536,952	8.00
Percentage of Premium	5.75 %	7.19	5.75 %	5.14	5.75 %	4.44	5.75 %	3.81	5.75 %	4.40
Risk Margin	2.00 %	2.50	2.00 %	1.79	2.00 %	1.54	2.00 %	1.32	2.00 %	1.53
Premium Tax	1.75 %	2.19	1.75 %	1.57	1.75 %	1.35	1.75 %	1.16	1.75 %	1.34
Maintenance Tax	23	0.070	1,929	0.070	8,374	0.070	3,122	0.070	13,448	0.070
Projected Total Cost	41,905	125.09	2,465,503	89.46	9,233,601	77.19	2,954,525	66.25	14,695,535	76.49
Experience Rate Increase		3.6%		4.9%		2.9%		-26.4%		-4.4%

### *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 FY2016 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2016 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 FY2016 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 FY2016 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 of the exhibit shows summary base period (FY2014) enrollment, premium and claims experience. Trend assumptions for FY2015 and FY2016 are used to project the average base period claims cost to FY2016. Following that are several adjustments to the base period claims cost to account for benefit and provider reimbursement changes.

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 (\$.07 pmpm).

At the bottom of the exhibit is a summary of the projected FY2016 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 9/1/2013 - 8/31/2014										
Member Months	588		81,498		306,959		117,883		506,928	
Estimated Incurred Claims	60,399	102.72	6,709,022	82.32	15,489,354	50.46	8,067,005	68.43	30,325,779	59.82
Projected FY2016 Member Months	12		67,188		176,736		67,404		311,340	
FY2016 Premium at Current Rates	1,646	137.13	7,146,689	106.37	12,597,392	71.28	6,235,516	92.51	25,981,243	83.45
Annual Trend Assumptions										
FY2015	5.2 %		5.2 %		5.2 %		5.2 %			
FY2016	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	1.0030		0.9386		0.9869		0.9999			
Inpatient Reimbursement Change	1.0100		1.0052		1.0058		1.0079			
Projected Incurred Claims	1,379	114.94	5,764,320	85.79	9,778,732	55.33	5,135,001	76.18	20,679,433	66.42
Capitation & Other Expenses/Refunds										
Total	15	1.24	152,001	2.26	340,541	1.93	142,943	2.12	635,500	2.04
Reinsurance Expenses										
Net Reinsurance Cost	0	0.04	11,341	0.17	31,680	0.18	12,145	0.18	55,167	0.18
Administrative Expenses										
Fixed Amount	96	8.00	537,504	8.00	1,413,888	8.00	539,232	8.00	2,490,720	8.00
Percentage of Premium	5.75 %	7.90	5.75 %	6.12	5.75 %	4.16	5.75 %	5.50	5.75 %	4.87
Risk Margin	2.00 %	2.75	2.00 %	2.13	2.00 %	1.45	2.00 %	1.91	2.00 %	1.70
Premium Tax	1.75 %	2.40	1.75 %	1.86	1.75 %	1.27	1.75 %	1.67	1.75 %	1.48
Maintenance Tax	1	0.07	4,703	0.07	12,372	0.07	4,718	0.07	21,794	0.07
Projected Total Cost	1,648	137.34	7,149,027	106.40	12,792,501	72.38	6,446,453	95.64	26,389,628	84.76
Experience Rate Increase		0.2 %		0.0 %		1.5 %		3.4 %		1.6 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013 - 8/31/2014										
Member Months	1,040		159,919		598,655		197,002		956,616	
Estimated Incurred Claims	114,805	110.39	15,407,460	96.35	39,209,134	65.50	15,042,383	76.36	69,773,782	72.94
Projected FY2016 Member Months	108		133,272		349,332		114,492		597,204	
FY2016 Premium at Current Rates	14,810	137.13	17,152,878	128.71	29,657,378	84.90	12,652,581	110.51	59,477,648	99.59
Annual Trend Assumptions										
FY2015	5.2 %		5.2 %		5.2 %		5.2 %			
FY2016	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9991		0.9725		0.9947		0.9992			
Inpatient Reimbursement Change	0.9901		0.9930		0.9928		0.9882			
Projected Incurred Claims	13,028	120.63	13,697,161	102.78	24,956,799	71.44	9,535,100	83.28	48,202,087	80.71
Capitation & Other Expenses/Refunds										
Total	182	1.68	195,666	1.47	653,336	1.87	163,822	1.43	1,013,006	1.70
Reinsurance Expenses										
Net Reinsurance Cost	3	0.03	7,446	0.06	19,891	0.06	6,742	0.06	34,083	0.06
Administrative Expenses										
Fixed Amount	864	8.00	1,066,176	8.00	2,794,656	8.00	915,936	8.00	4,777,632	8.00
Percentage of Premium	5.75 %	8.29	5.75 %	7.14	5.75 %	5.17	5.75 %	5.90	5.75 %	5.75
Risk Margin	2.00 %	2.88	2.00 %	2.48	2.00 %	1.80	2.00 %	2.05	2.00 %	2.00
Premium Tax	1.75 %	2.52	1.75 %	2.17	1.75 %	1.57	1.75 %	1.80	1.75 %	1.75
Maintenance Tax	8	0.07	9,329	0.07	24,453	0.07	8,014	0.07	41,804	0.07
Projected Total Cost	15,563	144.10	16,547,820	124.17	31,435,509	89.99	11,745,431	102.59	59,744,323	100.04
Experience Rate Increase		5.1 %		-3.5 %		6.0 %		-7.2 %		0.4 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013 - 8/31/2014										
Member Months	178		35,008		147,658		67,777		250,621	
Estimated Incurred Claims	11,958	67.18	2,270,323	64.85	6,957,221	47.12	3,791,079	55.93	13,030,581	51.99
Projected FY2016 Member Months	36		28,500		86,592		39,228		154,356	
FY2016 Premium at Current Rates	4,937	137.13	2,824,110	99.09	5,586,452	64.51	2,866,056	73.06	11,281,554	73.09
Annual Trend Assumptions										
FY2015	5.2 %		5.2 %		5.2 %		5.2 %			
FY2016	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9937		0.9597		0.9887		0.9954			
Inpatient Reimbursement Change	1.0130		1.0049		1.0056		1.0080			
Projected Incurred Claims	2,689	74.70	1,968,923	69.09	4,480,758	51.75	2,431,867	61.99	8,884,236	57.56
Capitation & Other Expenses/Refunds										
Total	75	2.07	82,983	2.91	254,714	2.94	112,608	2.87	450,380	2.92
Reinsurance Expenses										
Net Reinsurance Cost	10	0.28	14,806	0.52	45,220	0.52	20,688	0.53	80,724	0.52
Administrative Expenses										
Fixed Amount	288	8.00	228,000	8.00	692,736	8.00	313,824	8.00	1,234,848	8.00
Percentage of Premium	5.75 %	5.41	5.75 %	5.12	5.75 %	4.02	5.75 %	4.67	5.75 %	4.39
Risk Margin	2.00 %	1.88	2.00 %	1.78	2.00 %	1.40	2.00 %	1.62	2.00 %	1.53
Premium Tax	1.75 %	1.65	1.75 %	1.56	1.75 %	1.22	1.75 %	1.42	1.75 %	1.34
Maintenance Tax	3	0.07	1,995	0.07	6,061	0.07	2,746	0.07	10,805	0.07
Projected Total Cost	3,386	94.05	2,537,797	89.05	6,054,685	69.92	3,184,236	81.17	11,780,103	76.32
Experience Rate Increase		-31.4 %		-10.1 %		8.4 %		11.1 %		4.4 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013 - 8/31/2014										
Member Months	1,936		290,588		1,004,102		347,792		1,644,418	
Estimated Incurred Claims	499,499	258.01	34,509,276	118.76	77,480,384	77.16	39,694,840	114.13	152,183,999	92.55
Projected FY2016 Member Months	228		231,936		585,936		203,016		1,021,116	
FY2016 Premium at Current Rates	31,266	137.13	30,195,045	130.19	54,802,942	93.53	27,205,801	134.01	112,235,054	109.91
Annual Trend Assumptions										
FY2015	5.2 %		5.2 %		5.2 %		5.2 %			
FY2016	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9997		0.9725		0.9914		0.9996			
Inpatient Reimbursement Change	1.0208		0.9854		0.9798		0.9835			
Projected Incurred Claims	66,310	290.83	29,155,374	125.70	48,511,648	82.79	25,161,632	123.94	102,894,964	100.77
Capitation & Other Expenses/Refunds										
Total	1,280	5.61	659,451	2.84	1,250,279	2.13	585,621	2.88	2,496,631	2.45
Reinsurance Expenses										
Net Reinsurance Cost	47	0.21	61,400	0.26	143,697	0.25	46,983	0.23	252,127	0.25
Administrative Expenses										
Fixed Amount	1,824	8.00	1,855,488	8.00	4,687,488	8.00	1,624,128	8.00	8,168,928	8.00
Percentage of Premium	5.75 %	19.36	5.75 %	8.70	5.75 %	5.92	5.75 %	8.59	5.75 %	7.09
Risk Margin	2.00 %	6.73	2.00 %	3.03	2.00 %	2.06	2.00 %	2.99	2.00 %	2.46
Premium Tax	1.75 %	5.89	1.75 %	2.65	1.75 %	1.80	1.75 %	2.61	1.75 %	2.16
Maintenance Tax	16	0.07	16,236	0.07	41,016	0.07	14,211	0.07	71,478	0.07
Projected Total Cost	76,770	336.71	35,080,606	151.25	60,369,203	103.03	30,312,238	149.31	125,838,816	123.24
Experience Rate Increase		145.5 %		16.2 %		10.2 %		11.4 %		12.1 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013 - 8/31/2014										
Member Months	120		23,371		81,138		29,340		133,969	
Estimated Incurred Claims	7,229	60.24	2,017,114	86.31	4,935,527	60.83	2,518,658	85.84	9,478,527	70.75
Projected FY2016 Member Months	24		18,804		45,492		16,332		80,652	
FY2016 Premium at Current Rates	3,291	137.13	2,025,853	107.74	4,228,392	92.95	2,150,874	131.70	8,408,410	104.26
Annual Trend Assumptions										
FY2015	5.2 %		5.2 %		5.2 %		5.2 %			
FY2016	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	1.0001		0.9857		0.9990		1.0065			
Inpatient Reimbursement Change	1.0000		0.9941		0.9927		1.0060			
Projected Incurred Claims	1,597	66.55	1,756,653	93.42	3,031,414	66.64	1,568,096	96.01	6,357,759	78.83
Capitation & Other Expenses/Refunds										
Total	45	1.87	34,843	1.85	78,705	1.73	29,340	1.80	142,932	1.77
Reinsurance Expenses										
Net Reinsurance Cost	10	0.43	4,386	0.23	9,166	0.20	2,870	0.18	16,431	0.20
Administrative Expenses										
Fixed Amount	192	8.00	150,432	8.00	363,936	8.00	130,656	8.00	645,216	8.00
Percentage of Premium	5.75 %	4.89	5.75 %	6.58	5.75 %	4.87	5.75 %	6.74	5.75 %	5.65
Risk Margin	2.00 %	1.70	2.00 %	2.29	2.00 %	1.69	2.00 %	2.34	2.00 %	1.96
Premium Tax	1.75 %	1.49	1.75 %	2.00	1.75 %	1.48	1.75 %	2.05	1.75 %	1.72
Maintenance Tax	2	0.07	1,316	0.07	3,184	0.07	1,143	0.07	5,646	0.07
Projected Total Cost	2,040	84.99	2,152,076	114.45	3,852,380	84.68	1,913,928	117.19	7,920,424	98.20
Experience Rate Increase		-38.0 %		6.2 %		-8.9 %		-11.0 %		-5.8 %



	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013 - 8/31/2014										
Member Months	210		27,290		93,375		30,611		151,486	
Estimated Incurred Claims	0	0.00	2,133,401	78.18	4,271,059	45.74	1,871,241	61.13	8,275,701	54.63
Projected FY2016 Member Months	0		21,828		52,188		16,536		90,552	
FY2016 Premium at Current Rates	0	0.00	2,233,503	102.32	2,971,757	56.94	1,305,446	78.95	6,510,706	71.90
Annual Trend Assumptions										
FY2015	5.2 %		5.2 %		5.2 %		5.2 %			
FY2016	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9833		0.9666		0.9974		1.0075			
Inpatient Reimbursement Change	1.0000		1.0221		1.0179		1.0213			
Projected Incurred Claims	0	0.00	1,862,208	85.31	2,677,041	51.30	1,148,910	69.48	5,688,159	62.82
Capitation & Other Expenses/Refunds										
Total	0	0.00	14,098	0.65	37,290	0.71	11,837	0.72	63,225	0.70
Reinsurance Expenses										
Net Reinsurance Cost	0	0.00	9,478	0.43	20,440	0.39	6,779	0.41	36,697	0.41
Administrative Expenses										
Fixed Amount	-	8.00	174,624	8.00	417,504	8.00	132,288	8.00	724,416	8.00
Percentage of Premium	5.75 %	0.00	5.75 %	6.00	5.75 %	3.84	5.75 %	5.00	5.75 %	4.57
Risk Margin	2.00 %	0.00	2.00 %	2.09	2.00 %	1.34	2.00 %	1.74	2.00 %	1.59
Premium Tax	1.75 %	0.00	1.75 %	1.83	1.75 %	1.17	1.75 %	1.52	1.75 %	1.39
Maintenance Tax	-	0.07	1,528	0.07	3,653	0.07	1,158	0.07	6,339	0.07
Projected Total Cost	0	0.00	2,278,382	104.38	3,487,213	66.82	1,437,538	86.93	7,203,133	79.55
Experience Rate Increase				2.0 %		17.3 %		10.1 %		10.6 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013 - 8/31/2014										
Member Months	166		23,531		90,215		34,984		148,896	
Estimated Incurred Claims	27,082	163.14	2,389,940	101.57	6,311,455	69.96	3,274,362	93.60	12,002,839	80.61
Projected FY2016 Member Months	24		18,936		49,692		20,208		88,860	
FY2016 Premium at Current Rates	3,291	137.13	2,411,172	127.33	5,062,245	101.87	2,944,353	145.70	10,421,061	117.28
Annual Trend Assumptions										
FY2015	5.2 %		5.2 %		5.2 %		5.2 %			
FY2016	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	1.0000		0.9917		1.0015		1.0038			
Inpatient Reimbursement Change	1.0000		1.0146		1.0109		1.0141			
Projected Incurred Claims	4,325	180.21	2,137,544	112.88	3,887,778	78.24	2,126,736	105.24	8,156,383	91.79
Capitation & Other Expenses/Refunds										
Total	489	20.38	332,581	17.56	877,389	17.66	355,763	17.61	1,566,221	17.63
Reinsurance Expenses										
Net Reinsurance Cost	17	0.70	11,620	0.61	30,443	0.61	12,615	0.62	54,694	0.62
Administrative Expenses										
Fixed Amount	192	8.00	151,488	8.00	397,536	8.00	161,664	8.00	710,880	8.00
Percentage of Premium	5.75 %	13.30	5.75 %	8.84	5.75 %	6.64	5.75 %	8.36	5.75 %	7.50
Risk Margin	2.00 %	4.63	2.00 %	3.07	2.00 %	2.31	2.00 %	2.91	2.00 %	2.61
Premium Tax	1.75 %	4.05	1.75 %	2.69	1.75 %	2.02	1.75 %	2.54	1.75 %	2.28
Maintenance Tax	2	0.07	1,326	0.07	3,478	0.07	1,415	0.07	6,220	0.07
Projected Total Cost	5,552	231.34	2,911,113	153.73	5,742,126	115.55	2,937,229	145.35	11,596,020	130.50
Experience Rate Increase		68.7 %		20.7 %		13.4 %		-0.2 %		11.3 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013 - 8/31/2014										
Member Months	1,788		235,334		866,300		323,675		1,427,097	
Estimated Incurred Claims	220,300	123.21	14,245,466	60.53	37,817,456	43.65	19,818,269	61.23	72,101,491	50.52
Projected FY2016 Member Months	168		190,116		490,320		180,120		860,724	
FY2016 Premium at Current Rates	23,038	137.13	15,144,381	79.66	31,870,919	65.00	14,694,705	81.58	61,733,043	71.72
Annual Trend Assumptions										
FY2015	5.2 %		5.2 %		5.2 %		5.2 %			
FY2016	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	1.0011		0.9823		1.0017		1.0100			
Inpatient Reimbursement Change	1.0108		1.0052		1.0052		1.0116			
Projected Incurred Claims	23,137	137.72	12,551,982	66.02	23,806,678	48.55	12,446,686	69.10	48,828,483	56.73
Capitation & Other Expenses/Refunds										
Total	352	2.09	251,992	1.33	580,678	1.18	234,639	1.30	1,067,661	1.24
Reinsurance Expenses										
Net Reinsurance Cost	20	0.12	18,488	0.10	48,781	0.10	18,053	0.10	85,341	0.10
Administrative Expenses										
Fixed Amount	1,344	8.00	1,520,928	8.00	3,922,560	8.00	1,440,960	8.00	6,885,792	8.00
Percentage of Premium	5.75 %	9.40	5.75 %	4.80	5.75 %	3.68	5.75 %	4.99	5.75 %	4.20
Risk Margin	2.00 %	3.27	2.00 %	1.67	2.00 %	1.28	2.00 %	1.74	2.00 %	1.46
Premium Tax	1.75 %	2.86	1.75 %	1.46	1.75 %	1.12	1.75 %	1.52	1.75 %	1.28
Maintenance Tax	12	0.07	13,308	0.07	34,322	0.07	12,608	0.07	60,251	0.07
Projected Total Cost	27,474	163.54	15,863,756	83.44	31,373,502	63.99	15,638,614	86.82	62,903,346	73.08
Experience Rate Increase		19.3 %		4.8 %		-1.6 %		6.4 %		1.9 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013 - 8/31/2014										
Member Months	843		123,259		414,486		133,469		672,057	
Estimated Incurred Claims	46,642	55.33	11,653,994	94.55	27,487,323	66.32	12,302,071	92.17	51,490,031	76.62
Projected FY2016 Member Months	48		101,988		247,536		81,516		431,088	
FY2016 Premium at Current Rates	6,582	137.13	12,900,579	126.49	23,265,521	93.99	8,848,737	108.55	45,021,419	104.44
Annual Trend Assumptions										
FY2015	5.2 %		5.2 %		5.2 %		5.2 %			
FY2016	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9992		0.9471		0.9894		0.9992			
Inpatient Reimbursement Change	1.0000		1.0019		1.0022		1.0065			
Projected Incurred Claims	2,931	61.07	10,107,191	99.10	17,980,108	72.64	8,346,645	102.39	36,436,876	84.52
Capitation & Other Expenses/Refunds										
Total	48	1.01	84,316	0.83	201,968	0.82	64,635	0.79	350,968	0.81
Reinsurance Expenses										
Net Reinsurance Cost	13	0.27	44,810	0.44	112,625	0.45	38,398	0.47	195,846	0.45
Administrative Expenses										
Fixed Amount	384	8.00	815,904	8.00	1,980,288	8.00	652,128	8.00	3,448,704	8.00
Percentage of Premium	5.75 %	4.47	5.75 %	6.89	5.75 %	5.21	5.75 %	7.10	5.75 %	5.96
Risk Margin	2.00 %	1.56	2.00 %	2.40	2.00 %	1.81	2.00 %	2.47	2.00 %	2.07
Premium Tax	1.75 %	1.36	1.75 %	2.10	1.75 %	1.59	1.75 %	2.16	1.75 %	1.82
Maintenance Tax	3	0.07	7,139	0.07	17,328	0.07	5,706	0.07	30,176	0.07
Projected Total Cost	3,735	77.81	12,220,287	119.82	22,422,450	90.58	10,063,549	123.45	44,710,022	103.71
Experience Rate Increase		-43.3 %		-5.3 %		-3.6 %		13.7 %		-0.7 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013 - 8/31/2014										
Member Months	672		72,760		231,678		75,136		380,246	
Estimated Incurred Claims	75,217	111.93	6,888,370	94.67	13,681,836	59.06	6,282,972	83.62	26,928,395	70.82
Projected FY2016 Member Months	72		62,928		146,556		47,376		256,932	
FY2016 Premium at Current Rates	9,873	137.13	7,226,929	114.84	11,858,934	80.92	4,893,657	103.29	23,989,394	93.37
Annual Trend Assumptions										
FY2015	5.2 %		5.2 %		5.2 %		5.2 %			
FY2016	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	1.0002		0.9702		0.9955		1.0024			
Inpatient Reimbursement Change	1.0000		1.0043		1.0049		1.0072			
Projected Incurred Claims	8,904	123.66	6,412,059	101.90	9,563,841	65.26	4,418,118	93.26	20,402,921	79.41
Capitation & Other Expenses/Refunds										
Total	788	10.95	264,707	4.21	494,038	3.37	192,341	4.06	951,874	3.70
Reinsurance Expenses										
Net Reinsurance Cost	27	0.38	20,013	0.32	50,497	0.34	17,880	0.38	88,417	0.34
Administrative Expenses										
Fixed Amount	576	8.00	503,424	8.00	1,172,448	8.00	379,008	8.00	2,055,456	8.00
Percentage of Premium	5.75 %	9.09	5.75 %	7.27	5.75 %	4.89	5.75 %	6.72	5.75 %	5.82
Risk Margin	2.00 %	3.16	2.00 %	2.53	2.00 %	1.70	2.00 %	2.34	2.00 %	2.02
Premium Tax	1.75 %	2.77	1.75 %	2.21	1.75 %	1.49	1.75 %	2.05	1.75 %	1.77
Maintenance Tax	5	0.07	4,405	0.07	10,259	0.07	3,316	0.07	17,985	0.07
Projected Total Cost	11,381	158.07	7,960,893	126.51	12,476,335	85.13	5,536,643	116.87	25,985,253	101.14
Experience Rate Increase		15.3 %		10.2 %		5.2 %		13.1 %		8.3 %

## ***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 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 – Inpatient Hospital Reimbursement Change
- Exhibit B – Potentially Preventable Readmissions (PPR) Reduction
- Exhibit C – Potentially Preventable Complications (PPC) Reduction
- Exhibit D – Limit Related Party Reimbursement to 100% of Medicaid
- Exhibit E – Outpatient Rural Hospital Reimbursement Change Non-imaging Services
- Exhibit F – Outpatient Rural Hospital Reimbursement Change Imaging Services
- Exhibit G – Therapy Reimbursement Reduction

Effective September 1, 2014 and again on September 1, 2015 HHSC revised the standard dollar amounts applied to the inpatient reimbursement for certain Children’s Hospitals, safety net and trauma hospitals.

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. New PPR lists will become effective September 1, 2015.

Effective March 1, 2014 HHSC implemented revisions to hospital reimbursement to account for Potentially Preventable Complications (PPC). The reimbursement reductions amount to 2-2.5% depending on a hospitals performance during the evaluation time period. New PPC lists will become effective September 1, 2015.

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.

Effective September 1, 2015 HHSC will implement revisions to outpatient rural hospital reimbursement. Exhibits E and F present the rating adjustment factors for non imaging services and imaging services respectively.

Effective September 1, 2015 HHSC will implement revisions to the reimbursement for therapy services. Exhibit G presents a summary of the derivation of the rating adjustment factors

For ease of reporting purposes, the numerous provider reimbursement adjustments described above have been consolidated in the community rating exhibits included in Attachment 3. The key below includes a description of where each adjustment has been included in Attachment 3.

**Attachment 3 Rating Adjustment Heading**

Provider Reimbursement Changes  
Inpatient Reimbursement Changes

**Attachment 4 Exhibits**

Exhibits E, F and G  
Exhibits A, B, C and D

Exhibit H presents the consolidated adjustment factors that are used in the community rating exhibits included in Attachment 3.

FY2016 CHIP Rating  
 Provider Reimbursement Adjustments  
 Hospital Reimbursement Changes - Standard Dollar Amount

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Revision (1)					
Bexar	429	46,896	113,820	87,216	248,362
Dallas	-254	-36,927	-122,429	-29,393	-189,003
El Paso	219	14,612	49,403	33,553	97,787
Harris	17,804	362,045	856,718	517,911	1,754,478
Jefferson	0	23,285	61,195	39,856	124,336
Lubbock	0	48,052	77,260	42,443	167,755
Nueces	0	39,000	78,099	57,286	174,385
RSA	2,623	95,454	212,685	253,922	564,684
Tarrant	0	22,302	62,535	76,209	161,046
Travis	0	47,385	115,367	58,476	221,227
Total	20,821	662,105	1,504,655	1,137,477	3,325,058
FY2014 Total Incurred Claims (2)					
Bexar	42,942	6,605,130	14,781,853	7,454,382	28,884,306
Dallas	101,662	15,386,269	38,259,024	14,696,582	68,443,536
El Paso	16,838	2,248,053	6,676,108	3,531,851	12,472,849
Harris	556,363	33,835,994	73,855,042	35,232,042	143,479,440
Jefferson	9,029	1,990,166	4,707,335	2,386,574	9,093,104
Lubbock	16,430	2,107,548	4,003,110	1,753,831	7,880,920
Nueces	11,504	2,294,141	5,961,737	3,292,301	11,559,683
RSA	232,138	16,457,572	36,669,860	18,534,421	71,893,991
Tarrant	62,060	11,737,945	27,189,325	11,724,417	50,713,746
Travis	65,213	6,673,891	13,109,858	6,091,247	25,940,208
Total	1,114,178	99,336,708	225,213,250	104,697,647	430,361,784
Adjustment Factor (3)					
Bexar	1.00 %	0.71 %	0.77 %	1.17 %	0.86 %
Dallas	-0.25 %	-0.24 %	-0.32 %	-0.20 %	-0.28 %
El Paso	1.30 %	0.65 %	0.74 %	0.95 %	0.78 %
Harris	3.20 %	1.07 %	1.16 %	1.47 %	1.22 %
Jefferson	0.00 %	1.17 %	1.30 %	1.67 %	1.37 %
Lubbock	0.00 %	2.28 %	1.93 %	2.42 %	2.13 %
Nueces	0.00 %	1.70 %	1.31 %	1.74 %	1.51 %
RSA	1.13 %	0.58 %	0.58 %	1.37 %	0.79 %
Tarrant	0.00 %	0.19 %	0.23 %	0.65 %	0.32 %
Travis	0.00 %	0.71 %	0.88 %	0.96 %	0.85 %
Total	1.87 %	0.67 %	0.67 %	1.09 %	0.77 %

Footnotes:

- (1) Equals the cost impact from application of the revised hospital Standard Dollar Amounts effective 9/1/2015.
- (2) Equals FY2014 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2014 Total Incurred Claims.



FY2016 CHIP Rating  
 Provider Reimbursement Adjustments  
 Potentially Preventable Readmissions (PPR)

	Age Group				Total
	< 1	1-5	6-14	15-18	
<b>Provider Reimbursement Reduction (1)</b>					
Bexar	0	-72	-2,410	-382	-2,864
Dallas	0	-6	-1,338	-769	-2,113
El Paso	0	-1,783	-5,828	-2,602	-10,212
Harris	275	15,815	5,646	8,385	30,121
Jefferson	0	72	785	728	1,585
Lubbock	0	-229	-253	-760	-1,242
Nueces	0	1,324	2,033	822	4,179
RSA	0	-1,214	707	-2,821	-3,328
Tarrant	0	71	-2,121	-1,766	-3,816
Travis	0	3,249	4,635	3,180	11,064
Total	275	17,228	1,856	4,015	23,373
<b>FY2014 Total Incurred Claims (2)</b>					
Bexar	42,942	6,605,130	14,781,853	7,454,382	28,884,306
Dallas	101,662	15,386,269	38,259,024	14,696,582	68,443,536
El Paso	16,838	2,248,053	6,676,108	3,531,851	12,472,849
Harris	556,363	33,835,994	73,855,042	35,232,042	143,479,440
Jefferson	9,029	1,990,166	4,707,335	2,386,574	9,093,104
Lubbock	16,430	2,107,548	4,003,110	1,753,831	7,880,920
Nueces	11,504	2,294,141	5,961,737	3,292,301	11,559,683
RSA	232,138	16,457,572	36,669,860	18,534,421	71,893,991
Tarrant	62,060	11,737,945	27,189,325	11,724,417	50,713,746
Travis	65,213	6,673,891	13,109,858	6,091,247	25,940,208
Total	1,114,178	99,336,708	225,213,250	104,697,647	430,361,784
<b>Adjustment Factor (3)</b>					
Bexar	0.00 %	0.00 %	-0.02 %	-0.01 %	-0.01 %
Dallas	0.00 %	0.00 %	0.00 %	-0.01 %	0.00 %
El Paso	0.00 %	-0.08 %	-0.09 %	-0.07 %	-0.08 %
Harris	0.05 %	0.05 %	0.01 %	0.02 %	0.02 %
Jefferson	0.00 %	0.00 %	0.02 %	0.03 %	0.02 %
Lubbock	0.00 %	-0.01 %	-0.01 %	-0.04 %	-0.02 %
Nueces	0.00 %	0.06 %	0.03 %	0.02 %	0.04 %
RSA	0.00 %	-0.01 %	0.00 %	-0.02 %	0.00 %
Tarrant	0.00 %	0.00 %	-0.01 %	-0.02 %	-0.01 %
Travis	0.00 %	0.05 %	0.04 %	0.05 %	0.04 %
Total	0.02 %	0.02 %	0.00 %	0.00 %	0.01 %

Footnotes:

- (1) Equals the net cost/savings resulting from PPR reductions that will become effective 9/1/2015 versus those effective during FY2014.
- (2) Equals FY2014 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2014 Total Incurred Claims.

FY2016 CHIP Rating  
 Provider Reimbursement Adjustments  
 Potentially Preventable Complications (PPC)

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Bexar	0	-5,117	-23,948	-13,830	-42,895
Dallas	0	94	459	1,081	1,633
El Paso	0	-1,840	-6,301	-2,788	-10,929
Harris	-287	-7,585	-17,876	-12,818	-38,566
Jefferson	0	-328	-5,577	-2,498	-8,404
Lubbock	0	-1,347	-5,014	-4,276	-10,638
Nueces	0	-6,862	-15,194	-11,174	-33,230
RSA	-113	-8,484	-21,365	-35,144	-65,105
Tarrant	0	-96	73	2,442	2,419
Travis	0	-22,348	-55,776	-17,596	-95,720
Total	-400	-53,914	-150,518	-96,602	-301,434
FY2014 Total Incurred Claims (2)					
Bexar	42,942	6,605,130	14,781,853	7,454,382	28,884,306
Dallas	101,662	15,386,269	38,259,024	14,696,582	68,443,536
El Paso	16,838	2,248,053	6,676,108	3,531,851	12,472,849
Harris	556,363	33,835,994	73,855,042	35,232,042	143,479,440
Jefferson	9,029	1,990,166	4,707,335	2,386,574	9,093,104
Lubbock	16,430	2,107,548	4,003,110	1,753,831	7,880,920
Nueces	11,504	2,294,141	5,961,737	3,292,301	11,559,683
RSA	232,138	16,457,572	36,669,860	18,534,421	71,893,991
Tarrant	62,060	11,737,945	27,189,325	11,724,417	50,713,746
Travis	65,213	6,673,891	13,109,858	6,091,247	25,940,208
Total	1,114,178	99,336,708	225,213,250	104,697,647	430,361,784
Adjustment Factor (3)					
Bexar	0.00 %	-0.08 %	-0.16 %	-0.19 %	-0.15 %
Dallas	0.00 %	0.00 %	0.00 %	0.01 %	0.00 %
El Paso	0.00 %	-0.08 %	-0.09 %	-0.08 %	-0.09 %
Harris	-0.05 %	-0.02 %	-0.02 %	-0.04 %	-0.03 %
Jefferson	0.00 %	-0.02 %	-0.12 %	-0.10 %	-0.09 %
Lubbock	0.00 %	-0.06 %	-0.13 %	-0.24 %	-0.13 %
Nueces	0.00 %	-0.30 %	-0.25 %	-0.34 %	-0.29 %
RSA	-0.05 %	-0.05 %	-0.06 %	-0.19 %	-0.09 %
Tarrant	0.00 %	0.00 %	0.00 %	0.02 %	0.00 %
Travis	0.00 %	-0.33 %	-0.43 %	-0.29 %	-0.37 %
Total	-0.04 %	-0.05 %	-0.07 %	-0.09 %	-0.07 %

Footnotes:

- (1) Equals the net cost/savings resulting from PPC reductions that will become effective 9/1/2015 versus those effective during FY2014.
- (2) Equals FY2014 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2014 Total Incurred Claims.

FY2016 CHIP Rating  
 Provider Reimbursement Adjustments  
 Limit Reimbursement to Related Parties

	Age Group				
	< 1	1-5	6-14	15-18	Total
<b>Provider Reimbursement Reduction (1)</b>					
CFHP - Bexar	0	-7,264	-825	-12,966	-21,054
Parkland - Dallas	-444	-70,744	-152,027	-143,464	-366,680
TCHP - Harris	-4,789	-844,915	-2,276,153	-1,037,788	-4,163,645
TCHP - Jefferson	0	-34,302	-91,405	-24,669	-150,376
All Others	0	0	0	0	0
Total	-5,233	-957,225	-2,520,409	-1,218,887	-4,701,755
<b>FY2014 Total Incurred Claims (2)</b>					
CFHP - Bexar	27,383	4,247,390	9,578,142	5,424,162	19,277,077
Parkland - Dallas	47,689	7,774,160	16,774,479	5,666,122	30,262,450
TCHP - Harris	302,356	21,855,878	49,808,278	22,570,631	94,537,142
TCHP - Jefferson	4,305	1,062,221	2,439,907	1,113,731	4,620,164
All Others	732,444	64,397,060	146,612,445	69,923,001	281,664,950
Total	1,114,178	99,336,708	225,213,250	104,697,647	430,361,784
<b>Adjustment Factor by Plan (3)</b>					
CFHP - Bexar	0.00 %	-0.17 %	-0.01 %	-0.24 %	-0.11 %
Parkland - Dallas	-0.93 %	-0.91 %	-0.91 %	-2.53 %	-1.21 %
TCHP - Harris	-1.58 %	-3.87 %	-4.57 %	-4.60 %	-4.40 %
TCHP - Jefferson	0.00 %	-3.23 %	-3.75 %	-2.21 %	-3.25 %
All Others	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Total	-0.47 %	-0.96 %	-1.12 %	-1.16 %	-1.09 %
<b>Adjustment Factor by SDA (4)</b>					
Bexar	0.00 %	-0.11 %	-0.01 %	-0.17 %	
Dallas	-0.74 %	-0.46 %	-0.41 %	-0.98 %	
El Paso	0.00 %	0.00 %	0.00 %	0.00 %	
Harris	-1.09 %	-2.54 %	-3.14 %	-3.06 %	
Jefferson	0.00 %	-1.72 %	-1.90 %	-0.98 %	
Lubbock	0.00 %	0.00 %	0.00 %	0.00 %	
Nueces	0.00 %	0.00 %	0.00 %	0.00 %	
RSA	0.00 %	0.00 %	0.00 %	0.00 %	
Tarrant	0.00 %	0.00 %	0.00 %	0.00 %	
Travis	0.00 %	0.00 %	0.00 %	0.00 %	

## Footnotes:

- (1) Equals the cost impact from limiting reimbursement to a related party to 100% of Medicaid.  
 (2) Equals FY2014 health plan fee-for-service claims for all services (IHP provided encounter data).  
 (3) Additional cost divided by FY2014 Total Incurred Claims.  
 (4) Adjustment factor applied by service delivery area.

FY2016 CHIP Rating  
 Provider Reimbursement Adjustments  
 Outpatient Rural Hospital Reimbursement Increase

	Age Group				
	< 1	1-5	6-14	15-18	Total
<b>Provider Reimbursement Reduction (1)</b>					
Bexar	171	12,003	18,983	14,003	45,160
Dallas	0	1,693	5,266	4,185	11,144
El Paso	0	22	187	721	930
Harris	0	4,925	56,020	21,289	82,234
Jefferson	1	3,107	10,196	16,968	30,272
Lubbock	0	1,498	21,571	12,814	35,882
Nueces	0	4,426	19,991	14,872	39,289
RSA	1,073	102,978	275,513	205,809	585,374
Tarrant	0	4,989	18,843	14,250	38,081
Travis	102	5,505	28,656	20,821	55,084
Total	1,347	141,146	455,226	325,733	923,452
<b>FY2014 Total Incurred Claims (2)</b>					
Bexar	42,942	6,605,130	14,781,853	7,454,382	28,884,306
Dallas	101,662	15,386,269	38,259,024	14,696,582	68,443,536
El Paso	16,838	2,248,053	6,676,108	3,531,851	12,472,849
Harris	556,363	33,835,994	73,855,042	35,232,042	143,479,440
Jefferson	9,029	1,990,166	4,707,335	2,386,574	9,093,104
Lubbock	16,430	2,107,548	4,003,110	1,753,831	7,880,920
Nueces	11,504	2,294,141	5,961,737	3,292,301	11,559,683
RSA	232,138	16,457,572	36,669,860	18,534,421	71,893,991
Tarrant	62,060	11,737,945	27,189,325	11,724,417	50,713,746
Travis	65,213	6,673,891	13,109,858	6,091,247	25,940,208
Total	1,114,178	99,336,708	225,213,250	104,697,647	430,361,784
<b>Adjustment Factor (3)</b>					
Bexar	0.40 %	0.18 %	0.13 %	0.19 %	0.16 %
Dallas	0.00 %	0.01 %	0.01 %	0.03 %	0.02 %
El Paso	0.00 %	0.00 %	0.00 %	0.02 %	0.01 %
Harris	0.00 %	0.01 %	0.08 %	0.06 %	0.06 %
Jefferson	0.01 %	0.16 %	0.22 %	0.71 %	0.33 %
Lubbock	0.00 %	0.07 %	0.54 %	0.73 %	0.46 %
Nueces	0.00 %	0.19 %	0.34 %	0.45 %	0.34 %
RSA	0.46 %	0.63 %	0.75 %	1.11 %	0.81 %
Tarrant	0.00 %	0.04 %	0.07 %	0.12 %	0.08 %
Travis	0.16 %	0.08 %	0.22 %	0.34 %	0.21 %
Total	0.12 %	0.14 %	0.20 %	0.31 %	0.21 %

Footnotes:

- (1) Equals the increased cost due to revised outpatient rural hospital reimbursement effective 9/1/2015.  
Excludes imaging reimbursement increase.
- (2) Equals FY2014 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2014 Total Incurred Claims.

FY2016 CHIP Rating  
 Provider Reimbursement Adjustments  
 Outpatient Rural Hospital Imaging Reimbursement Increase

	Age Group				Total
	< 1	1-5	6-14	15-18	
<b>Provider Reimbursement Reduction (1)</b>					
Bexar	0	169	1,005	1,015	2,189
Dallas	0	95	605	348	1,048
El Paso	0	0	18	57	75
Harris	0	221	1,368	1,428	3,017
Jefferson	0	246	1,289	1,049	2,584
Lubbock	0	485	2,502	1,752	4,739
Nueces	0	207	1,972	1,478	3,657
RSA	58	5,064	28,677	21,774	55,573
Tarrant	0	372	2,364	1,902	4,638
Travis	0	255	2,115	1,623	3,993
Total	58	7,114	41,915	32,426	81,513
<b>FY2014 Total Incurred Claims (2)</b>					
Bexar	42,942	6,605,130	14,781,853	7,454,382	28,884,306
Dallas	101,662	15,386,269	38,259,024	14,696,582	68,443,536
El Paso	16,838	2,248,053	6,676,108	3,531,851	12,472,849
Harris	556,363	33,835,994	73,855,042	35,232,042	143,479,440
Jefferson	9,029	1,990,166	4,707,335	2,386,574	9,093,104
Lubbock	16,430	2,107,548	4,003,110	1,753,831	7,880,920
Nueces	11,504	2,294,141	5,961,737	3,292,301	11,559,683
RSA	232,138	16,457,572	36,669,860	18,534,421	71,893,991
Tarrant	62,060	11,737,945	27,189,325	11,724,417	50,713,746
Travis	65,213	6,673,891	13,109,858	6,091,247	25,940,208
Total	1,114,178	99,336,708	225,213,250	104,697,647	430,361,784
<b>Adjustment Factor (3)</b>					
Bexar	0.00 %	0.00 %	0.01 %	0.01 %	0.01 %
Dallas	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
El Paso	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Harris	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Jefferson	0.00 %	0.01 %	0.03 %	0.04 %	0.03 %
Lubbock	0.00 %	0.02 %	0.06 %	0.10 %	0.06 %
Nueces	0.00 %	0.01 %	0.03 %	0.04 %	0.03 %
RSA	0.02 %	0.03 %	0.08 %	0.12 %	0.08 %
Tarrant	0.00 %	0.00 %	0.01 %	0.02 %	0.01 %
Travis	0.00 %	0.00 %	0.02 %	0.03 %	0.02 %
Total	0.01 %	0.01 %	0.02 %	0.03 %	0.02 %

Footnotes:

- (1) Equals the increased cost due to revised outpatient rural hospital imaging reimbursement effective 9/1/2015.
- (2) Equals FY2014 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2014 Total Incurred Claims.

FY2016 CHIP Rating  
 Provider Reimbursement Adjustments  
 Therapy Reimbursement Reduction

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Bexar	-41	-416,618	-213,971	-15,540	-646,169
Dallas	-91	-424,186	-205,755	-16,010	-646,042
El Paso	-105	-90,681	-75,382	-16,865	-183,033
Harris	-182	-933,074	-691,569	-35,133	-1,659,958
Jefferson	0	-31,905	-16,622	-2,385	-50,912
Lubbock	-275	-72,293	-34,426	-1,452	-108,446
Nueces	0	-23,702	-13,122	-3,471	-40,296
RSA	-848	-396,376	-243,653	-43,129	-684,005
Tarrant	-50	-625,284	-309,873	-25,251	-960,458
Travis	-91	-204,373	-90,100	-7,875	-302,440
Total	-1,684	-3,218,491	-1,894,474	-167,110	-5,281,758
FY2014 Total Incurred Claims (2)					
Bexar	42,942	6,605,130	14,781,853	7,454,382	28,884,306
Dallas	101,662	15,386,269	38,259,024	14,696,582	68,443,536
El Paso	16,838	2,248,053	6,676,108	3,531,851	12,472,849
Harris	556,363	33,835,994	73,855,042	35,232,042	143,479,440
Jefferson	9,029	1,990,166	4,707,335	2,386,574	9,093,104
Lubbock	16,430	2,107,548	4,003,110	1,753,831	7,880,920
Nueces	11,504	2,294,141	5,961,737	3,292,301	11,559,683
RSA	232,138	16,457,572	36,669,860	18,534,421	71,893,991
Tarrant	62,060	11,737,945	27,189,325	11,724,417	50,713,746
Travis	65,213	6,673,891	13,109,858	6,091,247	25,940,208
Total	1,114,178	99,336,708	225,213,250	104,697,647	430,361,784
Adjustment Factor (3)					
Bexar	-0.10 %	-6.31 %	-1.45 %	-0.21 %	-2.24 %
Dallas	-0.09 %	-2.76 %	-0.54 %	-0.11 %	-0.94 %
El Paso	-0.63 %	-4.03 %	-1.13 %	-0.48 %	-1.47 %
Harris	-0.03 %	-2.76 %	-0.94 %	-0.10 %	-1.16 %
Jefferson	0.00 %	-1.60 %	-0.35 %	-0.10 %	-0.56 %
Lubbock	-1.67 %	-3.43 %	-0.86 %	-0.08 %	-1.38 %
Nueces	0.00 %	-1.03 %	-0.22 %	-0.11 %	-0.35 %
RSA	-0.37 %	-2.41 %	-0.66 %	-0.23 %	-0.95 %
Tarrant	-0.08 %	-5.33 %	-1.14 %	-0.22 %	-1.89 %
Travis	-0.14 %	-3.06 %	-0.69 %	-0.13 %	-1.17 %
Total	-0.15 %	-3.24 %	-0.84 %	-0.16 %	-1.23 %

Footnotes:

- (1) Equals the cost reduction resulting from the therapy reimbursement changes effective 9/1/2015.
- (2) Equals FY2014 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2014 Total Incurred Claims.

FY2016 CHIP Rating  
 Summary of All Reimbursement Adjustments

	Age Group			
	< 1	1-5	6-14	15-18
Provider Reimbursement Change Factor (1)				
Bexar	1.0030	0.9386	0.9869	0.9999
Dallas	0.9991	0.9725	0.9947	0.9992
El Paso	0.9937	0.9597	0.9887	0.9954
Harris	0.9997	0.9725	0.9914	0.9996
Jefferson	1.0001	0.9857	0.9990	1.0065
Lubbock	0.9833	0.9666	0.9974	1.0075
Nueces	1.0000	0.9917	1.0015	1.0038
RSA	1.0011	0.9823	1.0017	1.0100
Tarrant	0.9992	0.9471	0.9894	0.9992
Travis	1.0002	0.9702	0.9955	1.0024
Inpatient Reimbursement Change Factor (2)				
Bexar	1.0100	1.0052	1.0058	1.0079
Dallas	0.9901	0.9930	0.9928	0.9882
El Paso	1.0130	1.0049	1.0056	1.0080
Harris	1.0208	0.9854	0.9798	0.9835
Jefferson	1.0000	0.9941	0.9927	1.0060
Lubbock	1.0000	1.0221	1.0179	1.0213
Nueces	1.0000	1.0146	1.0109	1.0141
RSA	1.0108	1.0052	1.0052	1.0116
Tarrant	1.0000	1.0019	1.0022	1.0065
Travis	1.0000	1.0043	1.0049	1.0072

Footnotes:

- (1) The Provider Reimbursement Change Factor consolidates the following adjustments from Exhibit E-G
  - Exhibit E - Outpatient Rural Hospital Reimbursement Increase
  - Exhibit F - Outpatient Rural Hospital Imaging Reimbursement Increase
  - Exhibit G - Therapy Reimbursement Reduction
- (2) The Inpatient Reimbursement Change Factor consolidates the following adjustments from Exhibit A-D
  - Exhibit A - Hospital Reimbursement Changes - Standard Dollar Amount
  - Exhibit B - Potentially Preventable Readmissions (PPR)
  - Exhibit C - Potentially Preventable Complications (PPC)
  - Exhibit D - Limit Reimbursement to Related Parties

## *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 (Exhibit A-D).

The column titled Case Mix on the chart is the 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.

If necessary, an additional adjustment was made to the risk adjustment factors to ensure that, in total, they produce the same premium as the community rates (budget neutral). Exhibit E summarizes the raw, unadjusted risk adjustment factors (case-mix), the budget neutral adjustment applied equally to each risk group within each service area along with the resulting adjusted risk adjustment factors which are used to calculate the risk adjusted community rates.

The risk adjustment factors determined by ICHP for the Under Age 1 category were not applied in developing the FY2016 premium rates due to the relative small size of this category and the resulting variation in acuity scores.



**TEXAS CHIP CDPS SDA/Health Plan Risk**  
**Reporting Period: Sep 1, 2013 to Aug 31, 2014**

<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>Under Age 1</b>	271	100.00	117.21	117.21	1.00	1.00
<b>Bexar</b>	16	100.00	63.45	52.69	1.00	1.20
Aetna - Bexar	3	18.75	126.14	39.42	0.75	3.20
Amerigroup - Bexar	0	0.00	0.00	0.00	0.00	0.00
CFHP - Bexar	8	50.00	33.19	48.72	0.92	0.68
Superior - Bexar	5	31.25	47.60	67.79	1.29	0.70
<b>Dallas</b>	47	100.00	125.55	147.37	1.00	0.85
Amerigroup - Dallas	27	57.45	90.06	100.34	0.68	0.90
Molina - Dallas	2	4.26	69.88	39.42	0.27	1.77
Parkland - Dallas	18	38.30	186.79	232.05	1.57	0.80
<b>El Paso</b>	8	100.00	303.71	1016.97	1.00	0.30
El Paso First - El Paso	6	75.00	423.32	1505.75	1.48	0.28
Superior - El Paso	2	25.00	64.50	39.42	0.04	1.64
<b>Harris</b>	73	100.00	107.40	58.57	1.00	1.83
Amerigroup - Harris	5	6.85	95.52	39.42	0.67	2.42
CHC - Harris	18	24.66	62.51	58.83	1.00	1.06
Molina - Harris	0	0.00	0.00	0.00	0.00	0.00
TCHP - Harris	44	60.27	127.55	61.36	1.05	2.08
United - Harris	6	8.22	77.12	51.72	0.88	1.49
<b>Jefferson</b>	3	100.00	87.24	39.42	1.00	2.21
Amerigroup - Jefferson	0	0.00	0.00	0.00	0.00	0.00
CHC - Jefferson	0	0.00	0.00	0.00	0.00	0.00
Molina - Jefferson	0	0.00	0.00	0.00	0.00	0.00
TCHP - Jefferson	1	33.33	107.81	39.42	1.00	2.73
United - Jefferson	2	66.67	58.43	39.42	1.00	1.48
<b>Lubbock</b>	3	100.00	86.21	202.22	1.00	0.43
Firstcare - Lubbock	3	100.00	86.21	202.22	1.00	0.43
Superior - Lubbock	0	0.00	0.00	0.00	0.00	0.00
<b>Nueces</b>	2	100.00	46.08	39.42	1.00	1.17
Christus - Nueces	1	50.00	56.92	39.42	1.00	1.44
Driscoll - Nueces	1	50.00	38.85	39.42	1.00	0.99
Superior - Nueces	0	0.00	0.00	0.00	0.00	0.00
<b>RSA</b>	73	100.00	141.25	120.13	1.00	1.18
Molina - RSA	33	45.21	165.42	102.41	0.85	1.62
Superior - RSA	40	54.79	118.19	137.03	1.14	0.86
<b>Tarrant</b>	22	100.00	130.56	165.41	1.00	0.79
Aetna - Tarrant	4	18.18	31.94	39.42	0.24	0.81
Amerigroup - Tarrant	7	31.82	44.65	86.44	0.52	0.52
Cook - Tarrant	11	50.00	187.27	225.44	1.36	0.83
<b>Travis</b>	24	100.00	62.50	68.81	1.00	0.91
BCBS - Travis	8	33.33	86.72	98.84	1.44	0.88
Sendero - Travis	1	4.17	0.00	39.42	0.57	0.00
Seton - Travis	8	33.33	52.13	44.29	0.64	1.18
Superior - Travis	7	29.17	38.29	49.51	0.72	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).

<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>Age 1-5</b>	79,317	100.00	106.13	106.13	1.00	1.00
<b>Bexar</b>	6,074	100.00	97.45	101.78	1.00	0.96
Aetna - Bexar	633	10.42	73.82	89.79	0.88	0.82
Amerigroup - Bexar	164	2.70	64.91	93.06	0.91	0.70
CFHP - Bexar	3,534	58.18	111.13	106.20	1.04	1.05
Superior - Bexar	1,743	28.70	81.31	97.96	0.96	0.83
<b>Dallas</b>	11,687	100.00	108.18	105.43	1.00	1.03
Amerigroup - Dallas	6,070	51.94	100.60	100.45	0.95	1.00
Molina - Dallas	566	4.84	95.56	87.75	0.83	1.09
Parkland - Dallas	5,051	43.22	118.77	113.46	1.08	1.05
<b>El Paso</b>	2,546	100.00	80.44	105.29	1.00	0.76
El Paso First - El Paso	1,655	65.00	85.70	94.30	0.90	0.91
Superior - El Paso	891	35.00	70.64	125.76	1.19	0.56
<b>Harris</b>	21,567	100.00	126.39	103.45	1.00	1.22
Amerigroup - Harris	1,873	8.68	105.02	100.80	0.97	1.04
CHC - Harris	5,826	27.01	106.76	96.76	0.94	1.10
Molina - Harris	216	1.00	116.89	101.64	0.98	1.15
TCHP - Harris	12,209	56.61	144.90	110.13	1.06	1.32
United - Harris	1,443	6.69	77.97	77.66	0.75	1.00
<b>Jefferson</b>	1,724	100.00	98.78	105.32	1.00	0.94
Amerigroup - Jefferson	56	3.25	32.20	82.24	0.78	0.39
CHC - Jefferson	402	23.32	117.50	105.37	1.00	1.12
Molina - Jefferson	63	3.65	87.72	123.64	1.17	0.71
TCHP - Jefferson	794	46.06	109.49	110.04	1.04	1.00
United - Jefferson	409	23.72	70.78	96.85	0.92	0.73
<b>Lubbock</b>	2,020	100.00	94.58	108.69	1.00	0.87
Firstcare - Lubbock	1,078	53.37	97.19	109.60	1.01	0.89
Superior - Lubbock	942	46.63	91.64	107.68	0.99	0.85
<b>Nueces</b>	1,703	100.00	118.20	105.22	1.00	1.12
Christus - Nueces	81	4.76	97.41	77.72	0.74	1.25
Driscoll - Nueces	1,292	75.87	116.05	106.10	1.01	1.09
Superior - Nueces	330	19.38	131.69	108.29	1.03	1.22
<b>RSA</b>	17,584	100.00	82.96	107.87	1.00	0.77
Molina - RSA	7,090	40.32	72.17	104.50	0.97	0.69
Superior - RSA	10,494	59.68	90.22	110.15	1.02	0.82
<b>Tarrant</b>	9,157	100.00	115.84	114.84	1.00	1.01
Aetna - Tarrant	1,120	12.23	73.96	86.74	0.76	0.85
Amerigroup - Tarrant	3,012	32.89	105.23	110.30	0.96	0.95
Cook - Tarrant	5,025	54.88	131.37	123.73	1.08	1.06
<b>Travis</b>	5,255	100.00	104.43	102.70	1.00	1.02
BCBS - Travis	835	15.89	106.79	107.19	1.04	1.00
Sendero - Travis	342	6.51	178.74	106.74	1.04	1.67
Seton - Travis	1,725	32.83	89.35	102.68	1.00	0.87
Superior - Travis	2,353	44.78	104.27	100.59	0.98	1.04

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

**TEXAS CHIP CDPS SDA/Health Plan Risk**  
**Reporting Period: Sep 1, 2013 to Aug 31, 2014**

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>Age 6-15</b>	331,386	100.00	85.51	85.51	1.00	1.00
<b>Bexar</b>	26,382	100.00	74.71	91.15	1.00	0.82
Aetna - Bexar	2,487	9.43	70.71	89.04	0.98	0.79
Amerigroup - Bexar	785	2.98	57.99	65.24	0.72	0.89
CFHP - Bexar	16,189	61.36	75.83	92.94	1.02	0.82
Superior - Bexar	6,921	26.23	75.27	90.44	0.99	0.83
<b>Dallas</b>	51,745	100.00	89.87	83.74	1.00	1.07
Amerigroup - Dallas	27,523	53.19	88.41	82.21	0.98	1.08
Molina - Dallas	2,648	5.12	67.69	68.70	0.82	0.99
Parkland - Dallas	21,574	41.69	94.40	87.51	1.05	1.08
<b>El Paso</b>	12,588	100.00	69.22	87.36	1.00	0.79
El Paso First - El Paso	8,108	64.41	69.66	88.08	1.01	0.79
Superior - El Paso	4,480	35.59	68.43	86.05	0.98	0.80
<b>Harris</b>	87,017	100.00	97.01	80.02	1.00	1.21
Amerigroup - Harris	8,778	10.09	69.82	74.72	0.93	0.93
CHC - Harris	20,676	23.76	80.85	67.50	0.84	1.20
Molina - Harris	1,043	1.20	70.26	75.02	0.94	0.94
TCHP - Harris	49,684	57.10	113.77	87.62	1.09	1.30
United - Harris	6,836	7.86	61.90	69.69	0.87	0.89
<b>Jefferson</b>	6,867	100.00	92.38	95.98	1.00	0.96
Amerigroup - Jefferson	205	2.99	68.68	86.02	0.90	0.80
CHC - Jefferson	1,308	19.05	77.54	96.99	1.01	0.80
Molina - Jefferson	200	2.91	57.06	72.57	0.76	0.79
TCHP - Jefferson	3,209	46.73	111.60	103.02	1.07	1.08
United - Jefferson	1,945	28.32	76.42	86.99	0.91	0.88
<b>Lubbock</b>	8,130	100.00	72.44	82.85	1.00	0.87
Firstcare - Lubbock	3,989	49.07	75.60	86.26	1.04	0.88
Superior - Lubbock	4,141	50.93	69.44	79.59	0.96	0.87
<b>Nueces</b>	7,786	100.00	97.83	98.63	1.00	0.99
Christus - Nueces	469	6.02	105.00	99.74	1.01	1.05
Driscoll - Nueces	6,143	78.90	96.98	99.30	1.01	0.98
Superior - Nueces	1,174	15.08	99.48	94.66	0.96	1.05
<b>RSA</b>	74,887	100.00	74.72	88.09	1.00	0.85
Molina - RSA	30,759	41.07	61.03	81.50	0.93	0.75
Superior - RSA	44,128	58.93	84.30	92.69	1.05	0.91
<b>Tarrant</b>	35,920	100.00	89.48	89.29	1.00	1.00
Aetna - Tarrant	3,393	9.45	64.23	70.20	0.79	0.91
Amerigroup - Tarrant	12,524	34.87	78.90	81.55	0.91	0.97
Cook - Tarrant	20,003	55.69	100.24	97.27	1.09	1.03
<b>Travis</b>	20,064	100.00	79.88	81.36	1.00	0.98
BCBS - Travis	2,629	13.10	79.78	79.61	0.98	1.00
Sendero - Travis	1,070	5.33	73.85	64.97	0.80	1.14
Seton - Travis	7,791	38.83	85.07	82.05	1.01	1.04
Superior - Travis	8,574	42.73	75.82	83.23	1.02	0.91

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

**TEXAS CHIP CDPS SDA/Health Plan Risk**  
**Reporting Period: Sep 1, 2013 to Aug 31, 2014**

<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>Age 15-18</b>	138,235	100.00	103.34	103.34	1.00	1.00
<b>Bexar</b>	11,869	100.00	90.55	106.96	1.00	0.85
Aetna - Bexar	1,318	11.10	66.56	95.95	0.90	0.69
Amerigroup - Bexar	396	3.34	44.89	76.35	0.71	0.59
CFHP - Bexar	7,272	61.27	101.98	109.22	1.02	0.93
Superior - Bexar	2,883	24.29	78.33	110.19	1.03	0.71
<b>Dallas</b>	20,150	100.00	104.55	95.09	1.00	1.10
Amerigroup - Dallas	11,012	54.65	106.40	95.65	1.01	1.11
Molina - Dallas	1,180	5.86	79.59	79.92	0.84	1.00
Parkland - Dallas	7,958	39.49	105.59	96.51	1.01	1.09
<b>El Paso</b>	6,830	100.00	72.11	97.92	1.00	0.74
El Paso First - El Paso	4,554	66.68	72.18	100.66	1.03	0.72
Superior - El Paso	2,276	33.32	71.97	92.37	0.94	0.78
<b>Harris</b>	35,461	100.00	124.94	101.17	1.00	1.23
Amerigroup - Harris	4,037	11.38	87.90	82.52	0.82	1.07
CHC - Harris	7,738	21.82	107.63	84.50	0.84	1.27
Molina - Harris	529	1.49	82.21	100.09	0.99	0.82
TCHP - Harris	19,373	54.63	144.90	112.38	1.11	1.29
United - Harris	3,784	10.67	102.49	97.33	0.96	1.05
<b>Jefferson</b>	2,955	100.00	110.09	119.67	1.00	0.92
Amerigroup - Jefferson	115	3.89	43.86	88.70	0.74	0.49
CHC - Jefferson	508	17.19	115.45	134.83	1.13	0.86
Molina - Jefferson	93	3.15	42.12	65.66	0.55	0.64
TCHP - Jefferson	1,248	42.23	130.51	129.93	1.09	1.00
United - Jefferson	991	33.54	95.09	107.30	0.90	0.89
<b>Lubbock</b>	3,153	100.00	89.16	104.98	1.00	0.85
Firstcare - Lubbock	1,617	51.28	89.11	109.61	1.04	0.81
Superior - Lubbock	1,536	48.72	89.21	100.08	0.95	0.89
<b>Nueces</b>	3,555	100.00	110.32	114.30	1.00	0.97
Christus - Nueces	249	7.00	86.57	102.11	0.89	0.85
Driscoll - Nueces	2,837	79.80	113.53	117.84	1.03	0.96
Superior - Nueces	469	13.19	102.89	98.54	0.86	1.04
<b>RSA</b>	32,924	100.00	86.09	106.56	1.00	0.81
Molina - RSA	13,842	42.04	68.58	99.47	0.93	0.69
Superior - RSA	19,082	57.96	98.78	111.69	1.05	0.88
<b>Tarrant</b>	13,626	100.00	112.84	106.34	1.00	1.06
Aetna - Tarrant	1,604	11.77	92.16	88.54	0.83	1.04
Amerigroup - Tarrant	4,129	30.30	86.42	92.42	0.87	0.94
Cook - Tarrant	7,893	57.93	130.48	116.99	1.10	1.12
<b>Travis</b>	7,712	100.00	104.54	103.16	1.00	1.01
BCBS - Travis	1,005	13.03	68.97	76.77	0.74	0.90
Sendero - Travis	334	4.33	58.15	69.80	0.68	0.83
Seton - Travis	3,604	46.73	109.19	108.03	1.05	1.01
Superior - Travis	2,769	35.91	116.24	109.83	1.06	1.06

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).

FY2016 CHIP Rating Summary  
Adjusted Acuity Scores

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18
Raw Unadjusted Acuity Scores (1)				
Aetna - Bexar	1.000	0.882	0.977	0.897
Amerigroup - Bexar	1.000	0.914	0.716	0.714
CFHP - Bexar	1.000	1.043	1.020	1.021
Superior - Bexar	1.000	0.962	0.992	1.030
Amerigroup - Dallas	1.000	0.953	0.982	1.006
Molina - Dallas	1.000	0.832	0.820	0.840
Parkland - Dallas	1.000	1.076	1.045	1.015
El Paso First - El Paso	1.000	0.896	1.008	1.028
Superior - El Paso	1.000	1.194	0.985	0.943
Amerigroup - Harris	1.000	0.974	0.934	0.816
CHC - Harris	1.000	0.935	0.844	0.835
Molina - Harris	1.000	0.982	0.937	0.989
TCHP - Harris	1.000	1.065	1.095	1.111
United - Harris	1.000	0.751	0.871	0.962
Amerigroup - Jefferson	1.000	0.781	0.896	0.741
CHC - Jefferson	1.000	1.000	1.011	1.127
Molina - Jefferson	1.000	1.174	0.756	0.549
TCHP - Jefferson	1.000	1.045	1.073	1.086
United - Jefferson	1.000	0.920	0.906	0.897
Firstcare - Lubbock	1.000	1.008	1.041	1.044
Superior - Lubbock	1.000	0.991	0.961	0.953
Christus - Nueces	1.000	0.739	1.011	0.893
Driscoll - Nueces	1.000	1.008	1.007	1.031
Superior - Nueces	1.000	1.029	0.960	0.862
Aetna - Tarrant	1.000	0.755	0.786	0.833
Amerigroup - Tarrant	1.000	0.960	0.913	0.869
Cook - Tarrant	1.000	1.077	1.089	1.100
BCBS - Travis	1.000	1.044	0.979	0.744
Sendero - Travis	1.000	1.039	0.799	0.677
Seton - Travis	1.000	1.000	1.008	1.047
Superior - Travis	1.000	0.980	1.023	1.065
Molina - RSA	1.000	0.969	0.925	0.933
Superior - RSA	1.000	1.021	1.052	1.048

FY2016 CHIP Rating Summary  
Adjusted Acuity Scores

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18
Budget Neutrality Adjustment Factor (2)				
Aetna - Bexar	1.000	1.002	0.999	0.998
Amerigroup - Bexar	1.000	1.002	0.999	0.998
CFHP - Bexar	1.000	1.002	0.999	0.998
Superior - Bexar	1.000	1.002	0.999	0.998
Amerigroup - Dallas	1.000	1.000	1.000	0.999
Molina - Dallas	1.000	1.000	1.000	0.999
Parkland - Dallas	1.000	1.000	1.000	0.999
El Paso First - El Paso	1.000	1.007	0.999	0.999
Superior - El Paso	1.000	1.007	0.999	0.999
Amerigroup - Harris	1.000	1.001	0.999	0.996
CHC - Harris	1.000	1.001	0.999	0.996
Molina - Harris	1.000	1.001	0.999	0.996
TCHP - Harris	1.000	1.001	0.999	0.996
United - Harris	1.000	1.001	0.999	0.996
Amerigroup - Jefferson	1.000	1.003	1.005	1.008
CHC - Jefferson	1.000	1.003	1.005	1.008
Molina - Jefferson	1.000	1.003	1.005	1.008
TCHP - Jefferson	1.000	1.003	1.005	1.008
United - Jefferson	1.000	1.003	1.005	1.008
Firstcare - Lubbock	1.000	1.000	0.999	0.999
Superior - Lubbock	1.000	1.000	0.999	0.999
Christus - Nueces	1.000	1.006	0.999	1.000
Driscoll - Nueces	1.000	1.006	0.999	1.000
Superior - Nueces	1.000	1.006	0.999	1.000
Aetna - Tarrant	1.000	1.009	1.005	1.005
Amerigroup - Tarrant	1.000	1.009	1.005	1.005
Cook - Tarrant	1.000	1.009	1.005	1.005
BCBS - Travis	1.000	0.993	1.007	1.027
Sendero - Travis	1.000	0.993	1.007	1.027
Seton - Travis	1.000	0.993	1.007	1.027
Superior - Travis	1.000	0.993	1.007	1.027
Molina - RSA	1.000	1.000	1.002	1.001
Superior - RSA	1.000	1.000	1.002	1.001

FY2016 CHIP Rating Summary  
Adjusted Acuity Scores

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18
Budget Neutral Acuity Scores (3)				
Aetna - Bexar	1.000	0.884	0.976	0.896
Amerigroup - Bexar	1.000	0.917	0.715	0.713
CFHP - Bexar	1.000	1.046	1.018	1.020
Superior - Bexar	1.000	0.965	0.991	1.029
Amerigroup - Dallas	1.000	0.953	0.981	1.005
Molina - Dallas	1.000	0.833	0.820	0.840
Parkland - Dallas	1.000	1.076	1.045	1.014
El Paso First - El Paso	1.000	0.902	1.007	1.026
Superior - El Paso	1.000	1.203	0.984	0.942
Amerigroup - Harris	1.000	0.976	0.932	0.813
CHC - Harris	1.000	0.936	0.842	0.832
Molina - Harris	1.000	0.984	0.936	0.986
TCHP - Harris	1.000	1.066	1.094	1.107
United - Harris	1.000	0.752	0.870	0.958
Amerigroup - Jefferson	1.000	0.783	0.900	0.747
CHC - Jefferson	1.000	1.004	1.015	1.135
Molina - Jefferson	1.000	1.178	0.760	0.553
TCHP - Jefferson	1.000	1.048	1.078	1.094
United - Jefferson	1.000	0.922	0.911	0.904
Firstcare - Lubbock	1.000	1.008	1.041	1.043
Superior - Lubbock	1.000	0.990	0.960	0.953
Christus - Nueces	1.000	0.743	1.011	0.893
Driscoll - Nueces	1.000	1.014	1.006	1.031
Superior - Nueces	1.000	1.035	0.959	0.862
Aetna - Tarrant	1.000	0.762	0.790	0.837
Amerigroup - Tarrant	1.000	0.969	0.918	0.873
Cook - Tarrant	1.000	1.087	1.095	1.105
BCBS - Travis	1.000	1.037	0.985	0.764
Sendero - Travis	1.000	1.033	0.804	0.695
Seton - Travis	1.000	0.993	1.015	1.075
Superior - Travis	1.000	0.973	1.030	1.093
Molina - RSA	1.000	0.969	0.927	0.935
Superior - RSA	1.000	1.021	1.054	1.049

Footnotes:

- (1) Raw acuity scores as developed by ICHP. Equals the case mix factors from Exhibits A-D.
- (2) Budget neutral adjustment applied uniformly within each service area to ensure acuity adjustment is budget neutral in total.
- (3) Adjusted acuity scores applied to FY2016 Community Rates.

## *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 198% FPL) and limited prenatal and post-natal services only.

We have developed premium rates for three categories of clients: (1) newborns between 198% and 202% FPL; (2) expectant mothers under 198% FPL; and (3) expectant mothers between 198% and 202% FPL.

The CHIP Perinatal FY2016 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 28, 2015.

The FY2015 trend assumption was developed from two components: (i) the actual estimated trend for the period September 2014 through December 2014 and (ii) the projected trend for the period January 2015 through August 2015. 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 2015 through August 2015 and all of FY2016 will be 5%.

This analysis was used to calculate an annual trend rate assumption of 4.1% for FY2015 and 5.0% for FY2016.

### ***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.

In addition, the CHIP Perinate program includes an adjustment to account for Makena utilization increase that does not apply to the traditional CHIP program. During FY2016 it is expected that utilization of Makena will increase as the currently available compound (17P) will be less readily available. Makena has a significantly higher price than 17P and will result in increased medical

cost because it is currently administered by a physician. Exhibit C presents a summary of these 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 (\$0.07 pmpm) and a risk margin (2.0% of premium).

### ***Summary***

Exhibit A presents current (FY2015) premium, split between medical, prescription drug, and delivery supplemental payment (DSP) rates; FY2016 premium, split between medical, prescription drug, and DSP rates; and a comparison of FY2015 and FY2016 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 198-202% FPL and Perinate 198-202% 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 198% and 202% FPL.

## FY2016 CHIP Perinatal Rating Summary

Health Plan	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
Current (9/1/14-8/31/15) Medical Premium Rates pmpm				
Aetna - Bexar	790.67	381.84	270.12	3,100.00
Amerigroup - Bexar	790.67	381.84	270.12	3,100.00
CFHP - Bexar	790.67	381.84	270.12	3,100.00
Superior - Bexar	790.67	381.84	270.12	3,100.00
Amerigroup - Dallas	790.67	427.35	270.12	3,100.00
Molina - Dallas	790.67	427.35	270.12	3,100.00
Parkland - Dallas	790.67	427.35	270.12	3,100.00
El Paso First - El Paso	790.67	352.31	270.12	3,100.00
Superior - El Paso	790.67	352.31	270.12	3,100.00
Amerigroup - Harris	790.67	528.87	270.12	3,100.00
CHC - Harris	790.67	528.87	270.12	3,100.00
Molina - Harris	790.67	528.87	270.12	3,100.00
TCHP - Harris	790.67	528.87	270.12	3,100.00
United - Harris	790.67	528.87	270.12	3,100.00
Amerigroup - Jefferson	790.67	634.77	270.12	3,100.00
CHC - Jefferson	790.67	634.77	270.12	3,100.00
Molina - Jefferson	790.67	634.77	270.12	3,100.00
TCHP - Jefferson	790.67	634.77	270.12	3,100.00
United - Jefferson	790.67	634.77	270.12	3,100.00
Firstcare - Lubbock	790.67	406.36	270.12	3,100.00
Superior - Lubbock	790.67	406.36	270.12	3,100.00
Christus - Nueces	790.67	393.20	270.12	3,100.00
Driscoll - Nueces	790.67	393.20	270.12	3,100.00
Superior - Nueces	790.67	393.20	270.12	3,100.00
Aetna - Tarrant	790.67	367.68	270.12	3,100.00
Amerigroup - Tarrant	790.67	367.68	270.12	3,100.00
Cook - Tarrant	790.67	367.68	270.12	3,100.00
BCBS - Travis	790.67	476.72	270.12	3,100.00
Sendero - Travis	790.67	476.72	270.12	3,100.00
Seton - Travis	790.67	476.72	270.12	3,100.00
Superior - Travis	790.67	476.72	270.12	3,100.00
Molina - RSA	790.67	391.35	270.12	3,100.00
Superior - RSA	790.67	391.35	270.12	3,100.00

## FY2016 CHIP Perinatal Rating Summary

Health Plan	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
Current (9/1/14-8/31/15) Prescription Drug Premium Rates pmpm				
Aetna - Bexar	10.61	18.16	31.71	
Amerigroup - Bexar	10.61	18.16	31.71	
CFHP - Bexar	10.61	18.16	31.71	
Superior - Bexar	10.61	18.16	31.71	
Amerigroup - Dallas	10.61	8.98	31.71	
Molina - Dallas	10.61	8.98	31.71	
Parkland - Dallas	10.61	8.98	31.71	
El Paso First - El Paso	10.61	25.37	31.71	
Superior - El Paso	10.61	25.37	31.71	
Amerigroup - Harris	10.61	35.41	31.71	
CHC - Harris	10.61	35.41	31.71	
Molina - Harris	10.61	35.41	31.71	
TCHP - Harris	10.61	35.41	31.71	
United - Harris	10.61	35.41	31.71	
Amerigroup - Jefferson	10.61	27.95	31.71	
CHC - Jefferson	10.61	27.95	31.71	
Molina - Jefferson	10.61	27.95	31.71	
TCHP - Jefferson	10.61	27.95	31.71	
United - Jefferson	10.61	27.95	31.71	
Firstcare - Lubbock	10.61	19.56	31.71	
Superior - Lubbock	10.61	19.56	31.71	
Christus - Nueces	10.61	29.08	31.71	
Driscoll - Nueces	10.61	29.08	31.71	
Superior - Nueces	10.61	29.08	31.71	
Aetna - Tarrant	10.61	34.25	31.71	
Amerigroup - Tarrant	10.61	34.25	31.71	
Cook - Tarrant	10.61	34.25	31.71	
BCBS - Travis	10.61	17.66	31.71	
Sendero - Travis	10.61	17.66	31.71	
Seton - Travis	10.61	17.66	31.71	
Superior - Travis	10.61	17.66	31.71	
Molina - RSA	10.61	25.89	31.71	
Superior - RSA	10.61	25.89	31.71	

## FY2016 CHIP Perinatal Rating Summary

Health Plan	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
Current (9/1/14-8/31/15) Total Premium Rates pmpm				
Aetna - Bexar	801.28	400.00	301.83	3,100.00
Amerigroup - Bexar	801.28	400.00	301.83	3,100.00
CFHP - Bexar	801.28	400.00	301.83	3,100.00
Superior - Bexar	801.28	400.00	301.83	3,100.00
Amerigroup - Dallas	801.28	436.33	301.83	3,100.00
Molina - Dallas	801.28	436.33	301.83	3,100.00
Parkland - Dallas	801.28	436.33	301.83	3,100.00
El Paso First - El Paso	801.28	377.68	301.83	3,100.00
Superior - El Paso	801.28	377.68	301.83	3,100.00
Amerigroup - Harris	801.28	564.28	301.83	3,100.00
CHC - Harris	801.28	564.28	301.83	3,100.00
Molina - Harris	801.28	564.28	301.83	3,100.00
TCHP - Harris	801.28	564.28	301.83	3,100.00
United - Harris	801.28	564.28	301.83	3,100.00
Amerigroup - Jefferson	801.28	662.72	301.83	3,100.00
CHC - Jefferson	801.28	662.72	301.83	3,100.00
Molina - Jefferson	801.28	662.72	301.83	3,100.00
TCHP - Jefferson	801.28	662.72	301.83	3,100.00
United - Jefferson	801.28	662.72	301.83	3,100.00
Firstcare - Lubbock	801.28	425.92	301.83	3,100.00
Superior - Lubbock	801.28	425.92	301.83	3,100.00
Christus - Nueces	801.28	422.28	301.83	3,100.00
Driscoll - Nueces	801.28	422.28	301.83	3,100.00
Superior - Nueces	801.28	422.28	301.83	3,100.00
Aetna - Tarrant	801.28	401.93	301.83	3,100.00
Amerigroup - Tarrant	801.28	401.93	301.83	3,100.00
Cook - Tarrant	801.28	401.93	301.83	3,100.00
BCBS - Travis	801.28	494.38	301.83	3,100.00
Sendero - Travis	801.28	494.38	301.83	3,100.00
Seton - Travis	801.28	494.38	301.83	3,100.00
Superior - Travis	801.28	494.38	301.83	3,100.00
Molina - RSA	801.28	417.24	301.83	3,100.00
Superior - RSA	801.28	417.24	301.83	3,100.00

## FY2016 CHIP Perinatal Rating Summary

Health Plan	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2016 Medical Premium Rates pmpm				
Aetna - Bexar	314.61	313.06	206.20	3,100.00
Amerigroup - Bexar	314.61	313.06	206.20	3,100.00
CFHP - Bexar	314.61	313.06	206.20	3,100.00
Superior - Bexar	314.61	313.06	206.20	3,100.00
Amerigroup - Dallas	314.61	367.28	206.20	3,100.00
Molina - Dallas	314.61	367.28	206.20	3,100.00
Parkland - Dallas	314.61	367.28	206.20	3,100.00
El Paso First - El Paso	314.61	342.28	206.20	3,100.00
Superior - El Paso	314.61	342.28	206.20	3,100.00
Amerigroup - Harris	314.61	467.20	206.20	3,100.00
CHC - Harris	314.61	467.20	206.20	3,100.00
Molina - Harris	314.61	467.20	206.20	3,100.00
TCHP - Harris	314.61	467.20	206.20	3,100.00
United - Harris	314.61	467.20	206.20	3,100.00
Amerigroup - Jefferson	314.61	579.66	206.20	3,100.00
CHC - Jefferson	314.61	579.66	206.20	3,100.00
Molina - Jefferson	314.61	579.66	206.20	3,100.00
TCHP - Jefferson	314.61	579.66	206.20	3,100.00
United - Jefferson	314.61	579.66	206.20	3,100.00
Firstcare - Lubbock	314.61	346.05	206.20	3,100.00
Superior - Lubbock	314.61	346.05	206.20	3,100.00
Christus - Nueces	314.61	366.25	206.20	3,100.00
Driscoll - Nueces	314.61	366.25	206.20	3,100.00
Superior - Nueces	314.61	366.25	206.20	3,100.00
Aetna - Tarrant	314.61	329.66	206.20	3,100.00
Amerigroup - Tarrant	314.61	329.66	206.20	3,100.00
Cook - Tarrant	314.61	329.66	206.20	3,100.00
BCBS - Travis	314.61	447.50	206.20	3,100.00
Sendero - Travis	314.61	447.50	206.20	3,100.00
Seton - Travis	314.61	447.50	206.20	3,100.00
Superior - Travis	314.61	447.50	206.20	3,100.00
Molina - RSA	314.61	351.53	206.20	3,100.00
Superior - RSA	314.61	351.53	206.20	3,100.00

## FY2016 CHIP Perinatal Rating Summary

Health Plan	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2016 Prescription Drug Premium Rates pmpm (Community Rate)				
Aetna - Bexar	7.21	21.44	29.66	
Amerigroup - Bexar	7.21	21.44	29.66	
CFHP - Bexar	7.21	21.44	29.66	
Superior - Bexar	7.21	21.44	29.66	
Amerigroup - Dallas	7.21	11.54	29.66	
Molina - Dallas	7.21	11.54	29.66	
Parkland - Dallas	7.21	11.54	29.66	
El Paso First - El Paso	7.21	29.98	29.66	
Superior - El Paso	7.21	29.98	29.66	
Amerigroup - Harris	7.21	35.07	29.66	
CHC - Harris	7.21	35.07	29.66	
Molina - Harris	7.21	35.07	29.66	
TCHP - Harris	7.21	35.07	29.66	
United - Harris	7.21	35.07	29.66	
Amerigroup - Jefferson	7.21	21.90	29.66	
CHC - Jefferson	7.21	21.90	29.66	
Molina - Jefferson	7.21	21.90	29.66	
TCHP - Jefferson	7.21	21.90	29.66	
United - Jefferson	7.21	21.90	29.66	
Firstcare - Lubbock	7.21	27.04	29.66	
Superior - Lubbock	7.21	27.04	29.66	
Christus - Nueces	7.21	35.31	29.66	
Driscoll - Nueces	7.21	35.31	29.66	
Superior - Nueces	7.21	35.31	29.66	
Aetna - Tarrant	7.21	33.34	29.66	
Amerigroup - Tarrant	7.21	33.34	29.66	
Cook - Tarrant	7.21	33.34	29.66	
BCBS - Travis	7.21	18.51	29.66	
Sendero - Travis	7.21	18.51	29.66	
Seton - Travis	7.21	18.51	29.66	
Superior - Travis	7.21	18.51	29.66	
Molina - RSA	7.21	29.97	29.66	
Superior - RSA	7.21	29.97	29.66	

## FY2016 CHIP Perinatal Rating Summary

Health Plan	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2016 Total Premium Rates pmpm				
Aetna - Bexar	321.82	334.50	235.86	3,100.00
Amerigroup - Bexar	321.82	334.50	235.86	3,100.00
CFHP - Bexar	321.82	334.50	235.86	3,100.00
Superior - Bexar	321.82	334.50	235.86	3,100.00
Amerigroup - Dallas	321.82	378.82	235.86	3,100.00
Molina - Dallas	321.82	378.82	235.86	3,100.00
Parkland - Dallas	321.82	378.82	235.86	3,100.00
El Paso First - El Paso	321.82	372.26	235.86	3,100.00
Superior - El Paso	321.82	372.26	235.86	3,100.00
Amerigroup - Harris	321.82	502.27	235.86	3,100.00
CHC - Harris	321.82	502.27	235.86	3,100.00
Molina - Harris	321.82	502.27	235.86	3,100.00
TCHP - Harris	321.82	502.27	235.86	3,100.00
United - Harris	321.82	502.27	235.86	3,100.00
Amerigroup - Jefferson	321.82	601.56	235.86	3,100.00
CHC - Jefferson	321.82	601.56	235.86	3,100.00
Molina - Jefferson	321.82	601.56	235.86	3,100.00
TCHP - Jefferson	321.82	601.56	235.86	3,100.00
United - Jefferson	321.82	601.56	235.86	3,100.00
Firstcare - Lubbock	321.82	373.09	235.86	3,100.00
Superior - Lubbock	321.82	373.09	235.86	3,100.00
Christus - Nueces	321.82	401.56	235.86	3,100.00
Driscoll - Nueces	321.82	401.56	235.86	3,100.00
Superior - Nueces	321.82	401.56	235.86	3,100.00
Aetna - Tarrant	321.82	363.00	235.86	3,100.00
Amerigroup - Tarrant	321.82	363.00	235.86	3,100.00
Cook - Tarrant	321.82	363.00	235.86	3,100.00
BCBS - Travis	321.82	466.01	235.86	3,100.00
Sendero - Travis	321.82	466.01	235.86	3,100.00
Seton - Travis	321.82	466.01	235.86	3,100.00
Superior - Travis	321.82	466.01	235.86	3,100.00
Molina - RSA	321.82	381.50	235.86	3,100.00
Superior - RSA	321.82	381.50	235.86	3,100.00



## FY2016 CHIP Perinatal Rating Summary

Health Plan	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2016 Medical Premium Rate Change				
Aetna - Bexar	-60.2%	-18.0%	-23.7%	0.0%
Amerigroup - Bexar	-60.2%	-18.0%	-23.7%	0.0%
CFHP - Bexar	-60.2%	-18.0%	-23.7%	0.0%
Superior - Bexar	-60.2%	-18.0%	-23.7%	0.0%
Amerigroup - Dallas	-60.2%	-14.1%	-23.7%	0.0%
Molina - Dallas	-60.2%	-14.1%	-23.7%	0.0%
Parkland - Dallas	-60.2%	-14.1%	-23.7%	0.0%
El Paso First - El Paso	-60.2%	-2.8%	-23.7%	0.0%
Superior - El Paso	-60.2%	-2.8%	-23.7%	0.0%
Amerigroup - Harris	-60.2%	-11.7%	-23.7%	0.0%
CHC - Harris	-60.2%	-11.7%	-23.7%	0.0%
Molina - Harris	-60.2%	-11.7%	-23.7%	0.0%
TCHP - Harris	-60.2%	-11.7%	-23.7%	0.0%
United - Harris	-60.2%	-11.7%	-23.7%	0.0%
Amerigroup - Jefferson	-60.2%	-8.7%	-23.7%	0.0%
CHC - Jefferson	-60.2%	-8.7%	-23.7%	0.0%
Molina - Jefferson	-60.2%	-8.7%	-23.7%	0.0%
TCHP - Jefferson	-60.2%	-8.7%	-23.7%	0.0%
United - Jefferson	-60.2%	-8.7%	-23.7%	0.0%
Firstcare - Lubbock	-60.2%	-14.8%	-23.7%	0.0%
Superior - Lubbock	-60.2%	-14.8%	-23.7%	0.0%
Christus - Nueces	-60.2%	-6.9%	-23.7%	0.0%
Driscoll - Nueces	-60.2%	-6.9%	-23.7%	0.0%
Superior - Nueces	-60.2%	-6.9%	-23.7%	0.0%
Aetna - Tarrant	-60.2%	-10.3%	-23.7%	0.0%
Amerigroup - Tarrant	-60.2%	-10.3%	-23.7%	0.0%
Cook - Tarrant	-60.2%	-10.3%	-23.7%	0.0%
BCBS - Travis	-60.2%	-6.1%	-23.7%	0.0%
Sendero - Travis	-60.2%	-6.1%	-23.7%	0.0%
Seton - Travis	-60.2%	-6.1%	-23.7%	0.0%
Superior - Travis	-60.2%	-6.1%	-23.7%	0.0%
Molina - RSA	-60.2%	-10.2%	-23.7%	0.0%
Superior - RSA	-60.2%	-10.2%	-23.7%	0.0%

## FY2016 CHIP Perinatal Rating Summary

Health Plan	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2016 Prescription Drug Premium Rate Change				
Aetna - Bexar	-32.0%	18.1%	-6.5%	
Amerigroup - Bexar	-32.0%	18.1%	-6.5%	
CFHP - Bexar	-32.0%	18.1%	-6.5%	
Superior - Bexar	-32.0%	18.1%	-6.5%	
Amerigroup - Dallas	-32.0%	28.5%	-6.5%	
Molina - Dallas	-32.0%	28.5%	-6.5%	
Parkland - Dallas	-32.0%	28.5%	-6.5%	
El Paso First - El Paso	-32.0%	18.2%	-6.5%	
Superior - El Paso	-32.0%	18.2%	-6.5%	
Amerigroup - Harris	-32.0%	-1.0%	-6.5%	
CHC - Harris	-32.0%	-1.0%	-6.5%	
Molina - Harris	-32.0%	-1.0%	-6.5%	
TCHP - Harris	-32.0%	-1.0%	-6.5%	
United - Harris	-32.0%	-1.0%	-6.5%	
Amerigroup - Jefferson	-32.0%	-21.6%	-6.5%	
CHC - Jefferson	-32.0%	-21.6%	-6.5%	
Molina - Jefferson	-32.0%	-21.6%	-6.5%	
TCHP - Jefferson	-32.0%	-21.6%	-6.5%	
United - Jefferson	-32.0%	-21.6%	-6.5%	
Firstcare - Lubbock	-32.0%	38.2%	-6.5%	
Superior - Lubbock	-32.0%	38.2%	-6.5%	
Christus - Nueces	-32.0%	21.4%	-6.5%	
Driscoll - Nueces	-32.0%	21.4%	-6.5%	
Superior - Nueces	-32.0%	21.4%	-6.5%	
Aetna - Tarrant	-32.0%	-2.7%	-6.5%	
Amerigroup - Tarrant	-32.0%	-2.7%	-6.5%	
Cook - Tarrant	-32.0%	-2.7%	-6.5%	
BCBS - Travis	-32.0%	4.8%	-6.5%	
Sendero - Travis	-32.0%	4.8%	-6.5%	
Seton - Travis	-32.0%	4.8%	-6.5%	
Superior - Travis	-32.0%	4.8%	-6.5%	
Molina - RSA	-32.0%	15.8%	-6.5%	
Superior - RSA	-32.0%	15.8%	-6.5%	

## FY2016 CHIP Perinatal Rating Summary

Health Plan	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2016 Total Premium Rate Change				
Aetna - Bexar	-59.8%	-16.4%	-21.9%	0.0%
Amerigroup - Bexar	-59.8%	-16.4%	-21.9%	0.0%
CFHP - Bexar	-59.8%	-16.4%	-21.9%	0.0%
Superior - Bexar	-59.8%	-16.4%	-21.9%	0.0%
Amerigroup - Dallas	-59.8%	-13.2%	-21.9%	0.0%
Molina - Dallas	-59.8%	-13.2%	-21.9%	0.0%
Parkland - Dallas	-59.8%	-13.2%	-21.9%	0.0%
El Paso First - El Paso	-59.8%	-1.4%	-21.9%	0.0%
Superior - El Paso	-59.8%	-1.4%	-21.9%	0.0%
Amerigroup - Harris	-59.8%	-11.0%	-21.9%	0.0%
CHC - Harris	-59.8%	-11.0%	-21.9%	0.0%
Molina - Harris	-59.8%	-11.0%	-21.9%	0.0%
TCHP - Harris	-59.8%	-11.0%	-21.9%	0.0%
United - Harris	-59.8%	-11.0%	-21.9%	0.0%
Amerigroup - Jefferson	-59.8%	-9.2%	-21.9%	0.0%
CHC - Jefferson	-59.8%	-9.2%	-21.9%	0.0%
Molina - Jefferson	-59.8%	-9.2%	-21.9%	0.0%
TCHP - Jefferson	-59.8%	-9.2%	-21.9%	0.0%
United - Jefferson	-59.8%	-9.2%	-21.9%	0.0%
Firstcare - Lubbock	-59.8%	-12.4%	-21.9%	0.0%
Superior - Lubbock	-59.8%	-12.4%	-21.9%	0.0%
Christus - Nueces	-59.8%	-4.9%	-21.9%	0.0%
Driscoll - Nueces	-59.8%	-4.9%	-21.9%	0.0%
Superior - Nueces	-59.8%	-4.9%	-21.9%	0.0%
Aetna - Tarrant	-59.8%	-9.7%	-21.9%	0.0%
Amerigroup - Tarrant	-59.8%	-9.7%	-21.9%	0.0%
Cook - Tarrant	-59.8%	-9.7%	-21.9%	0.0%
BCBS - Travis	-59.8%	-5.7%	-21.9%	0.0%
Sendero - Travis	-59.8%	-5.7%	-21.9%	0.0%
Seton - Travis	-59.8%	-5.7%	-21.9%	0.0%
Superior - Travis	-59.8%	-5.7%	-21.9%	0.0%
Molina - RSA	-59.8%	-8.6%	-21.9%	0.0%
Superior - RSA	-59.8%	-8.6%	-21.9%	0.0%

	Newborn 198-202%		Perinate <198%		Perinate 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013- 8/31/2014								
Member Months	56		19,512		499		20,067	
Estimated Incurred Claims	2,362	42.18	4,824,240	247.24	102,692	205.80	4,929,294	245.64
Projected FY2016 Member Months	36		14,508		408		14,952	
Projected FY2016 Premium								
Current Rates	28,464	790.67	5,539,735	381.84	110,209	270.12	5,678,408	379.78
Current DSP Rate	0	0.00	0	0.00	60,666	148.69	60,666	4.06
Annual Trend Assumptions								
FY2015	4.10 %		4.10 %		4.10 %			
FY2016	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	1.0000		1.0002		1.0029			
Inpatient Reimbursement Changes	0.9970		1.0001		1.0184			
Projected Incurred Claims	1,655	45.96	3,921,976	270.33	93,737	229.75	4,017,368	268.68
Capitated Expenses/Refunds	15	0.41	4,483	0.31	49	0.12	4,548	0.30
Net Reinsurance Cost	9	0.26	1,520	0.10	89	0.22	1,619	0.11
Administrative Expenses								
Fixed Amount	450	12.50	181,350	12.50	5,100	12.50	186,900	12.50
Percentage of Premium	5.75 %	3.76	5.75 %	18.00	5.75 %	15.42	5.75 %	17.90
Risk Margin	2.00 %	1.31	2.00 %	6.26	2.00 %	5.36	2.00 %	6.22
Premium Tax	1.75 %	1.14	1.75 %	5.48	1.75 %	4.69	1.75 %	5.45
Maintenance Tax	3	0.07	1,016	0.07	29	0.07	1,047	0.07
Projected Total Cost	2,355	65.43	4,541,818	313.06	109,397	268.13	4,653,570	311.23
Adjusted Total Cost	2,355	65.43	4,541,818	313.06	48,731	119.44	4,592,904	307.18
Experience Rate Increase		-91.7 %		-18.0 %		-55.8 %		-19.1 %

	Newborn 198-202%		Perinate <198%		Perinate 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013- 8/31/2014								
Member Months	156		80,748		1,353		82,257	
Estimated Incurred Claims	71,098	455.76	26,342,074	326.23	521,986	385.80	26,935,157	327.45
Projected FY2016 Member Months	132		60,528		1,092		61,752	
Projected FY2016 Premium								
Current Rates	104,368	790.67	25,866,641	427.35	294,971	270.12	26,265,980	425.35
Current DSP Rate	0	0.00	0	0.00	350,480	320.95	350,480	5.68
Annual Trend Assumptions								
FY2015	4.10 %		4.10 %		4.10 %			
FY2016	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9988		1.0000		1.0000			
Inpatient Reimbursement Changes	1.0044		0.8956		0.9733			
Projected Incurred Claims	65,970	499.78	19,329,650	319.35	448,185	410.43	19,843,806	321.35
Capitated Expenses/Refunds	104	0.79	25,006	0.41	203	0.19	25,312	0.41
Net Reinsurance Cost	14	0.11	3,265	0.05	62	0.06	3,340	0.05
Administrative Expenses								
Fixed Amount	1,650	12.50	756,600	12.50	13,650	12.50	771,900	12.50
Percentage of Premium	5.75 %	32.61	5.75 %	21.12	5.75 %	26.89	5.75 %	21.25
Risk Margin	2.00 %	11.34	2.00 %	7.35	2.00 %	9.35	2.00 %	7.39
Premium Tax	1.75 %	9.92	1.75 %	6.43	1.75 %	8.18	1.75 %	6.47
Maintenance Tax	9	0.07	4,237	0.07	76	0.07	4,323	0.07
Projected Total Cost	74,859	567.11	22,230,672	367.28	510,691	467.67	22,816,222	369.48
Adjusted Total Cost	74,859	567.11	22,230,672	367.28	160,211	146.71	22,465,742	363.81
Experience Rate Increase		-28.3 %		-14.1 %		-45.7 %		-14.5 %

	Newborn 198-202%		Perinate <198%		Perinate 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013- 8/31/2014								
Member Months	27		12,393		153		12,573	
Estimated Incurred Claims	1,270	47.03	3,297,972	266.12	52,866	345.53	3,352,107	266.61
Projected FY2016 Member Months	24		8,232		192		8,448	
Projected FY2016 Premium								
Current Rates	18,976	790.67	2,900,216	352.31	51,863	270.12	2,971,055	351.69
Current DSP Rate	0	0.00	0	0.00	63,504	330.75	63,504	7.52
Annual Trend Assumptions								
FY2015	4.10 %		4.10 %		4.10 %			
FY2016	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	1.0000		1.0186		1.0000			
Inpatient Reimbursement Changes	1.0000		1.0001		1.0394			
Projected Incurred Claims	1,234	51.40	2,439,287	296.32	75,372	392.56	2,515,893	297.81
Capitated Expenses/Refunds	0	0.00	2,881	0.35	103	0.54	2,984	0.35
Net Reinsurance Cost	18	0.75	4,317	0.52	84	0.44	4,419	0.52
Administrative Expenses								
Fixed Amount	300	12.50	102,900	12.50	2,400	12.50	105,600	12.50
Percentage of Premium	5.75 %	4.11	5.75 %	19.68	5.75 %	25.80	5.75 %	19.78
Risk Margin	2.00 %	1.43	2.00 %	6.85	2.00 %	8.97	2.00 %	6.88
Premium Tax	1.75 %	1.25	1.75 %	5.99	1.75 %	7.85	1.75 %	6.02
Maintenance Tax	2	0.07	576	0.07	13	0.07	591	0.07
Projected Total Cost	1,716	71.52	2,817,636	342.28	86,158	448.74	2,905,511	343.93
Adjusted Total Cost	1,716	71.52	2,817,636	342.28	22,654	117.99	2,842,007	336.41
Experience Rate Increase		-91.0 %		-2.8 %		-56.3 %		-4.3 %

	Newborn 198-202%		Perinate <198%		Perinate 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013- 8/31/2014								
Member Months	366		135,195		2,268		137,829	
Estimated Incurred Claims	103,807	283.63	50,738,178	375.30	1,256,119	553.84	52,098,104	377.99
Projected FY2016 Member Months	168		109,740		2,016		111,924	
Projected FY2016 Premium								
Current Rates	132,833	790.67	58,038,194	528.87	544,562	270.12	58,715,588	524.60
Current DSP Rate	0	0.00	0	0.00	566,716	281.11	566,716	5.06
Annual Trend Assumptions								
FY2015	4.10 %		4.10 %		4.10 %			
FY2016	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	1.0000		1.0005		1.0000			
Inpatient Reimbursement Changes	0.9988		0.9976		1.0126			
Projected Incurred Claims	52,020	309.64	44,932,125	409.44	1,235,828	613.01	46,219,973	412.96
Capitated Expenses/Refunds	24	0.14	81,581	0.74	3,456	1.71	85,061	0.76
Net Reinsurance Cost	48	0.29	6,596	0.06	102	0.05	6,747	0.06
Administrative Expenses								
Fixed Amount	2,100	12.50	1,371,750	12.50	25,200	12.50	1,399,050	12.50
Percentage of Premium	5.75 %	20.50	5.75 %	26.86	5.75 %	39.86	5.75 %	27.09
Risk Margin	2.00 %	7.13	2.00 %	9.34	2.00 %	13.86	2.00 %	9.42
Premium Tax	1.75 %	6.24	1.75 %	8.18	1.75 %	12.13	1.75 %	8.24
Maintenance Tax	12	0.07	7,682	0.07	141	0.07	7,835	0.07
Projected Total Cost	59,895	356.52	51,270,424	467.20	1,397,489	693.20	52,727,807	471.10
Adjusted Total Cost	59,895	356.52	51,270,424	467.20	830,773	412.09	52,161,091	466.04
Experience Rate Increase		-54.9 %		-11.7 %		52.6 %		-11.2 %

	Newborn 198-202%		Perinate <198%		Perinate 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013- 8/31/2014								
Member Months	15		5,736		178		5,929	
Estimated Incurred Claims	1,382	92.13	2,695,218	469.88	86,146	483.97	2,782,746	469.34
Projected FY2016 Member Months	12		4,836		132		4,980	
Projected FY2016 Premium								
Current Rates	9,488	790.67	3,069,748	634.77	35,656	270.12	3,114,892	625.48
Current DSP Rate	0	0.00	0	0.00	42,341	320.77	42,341	8.50
Annual Trend Assumptions								
FY2015	4.10 %		4.10 %		4.10 %			
FY2016	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	1.0000		1.0004		1.0019			
Inpatient Reimbursement Changes	1.0000		0.9998		1.0051			
Projected Incurred Claims	1,208	100.70	2,484,308	513.71	70,319	532.72	2,555,836	513.22
Capitated Expenses/Refunds	150	12.50	-8,444	-1.75	-310	-2.35	-8,604	-1.73
Net Reinsurance Cost	2	0.18	255	0.05	7	0.05	264	0.05
Administrative Expenses								
Fixed Amount	150	12.50	60,450	12.50	1,650	12.50	62,250	12.50
Percentage of Premium	5.75 %	8.00	5.75 %	33.33	5.75 %	34.50	5.75 %	33.30
Risk Margin	2.00 %	2.78	2.00 %	11.59	2.00 %	12.00	2.00 %	11.58
Premium Tax	1.75 %	2.44	1.75 %	10.14	1.75 %	10.50	1.75 %	10.13
Maintenance Tax	1	0.07	339	0.07	9	0.07	349	0.07
Projected Total Cost	1,670	139.17	2,803,213	579.66	79,199	599.99	2,884,082	579.13
Adjusted Total Cost	1,670	139.17	2,803,213	579.66	36,858	279.23	2,841,741	570.63
Experience Rate Increase		-82.4 %		-8.7 %		3.4 %		-8.8 %



	Newborn 198-202%		Perinate <198%		Perinate 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013- 8/31/2014								
Member Months	38		4,979		155		5,172	
Estimated Incurred Claims	27,894	734.05	1,353,402	271.82	59,743	385.44	1,441,040	278.62
Projected FY2016 Member Months	36		4,224		108		4,368	
Projected FY2016 Premium								
Current Rates	28,464	790.67	1,716,465	406.36	29,173	270.12	1,774,102	406.16
Current DSP Rate	0	0.00	0	0.00	36,564	338.55	36,564	8.37
Annual Trend Assumptions								
FY2015	4.10 %		4.10 %		4.10 %			
FY2016	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	1.0000		1.0079		1.0064			
Inpatient Reimbursement Changes	1.0566		1.0002		1.0407			
Projected Incurred Claims	30,520	847.77	1,265,182	299.52	47,656	441.26	1,343,358	307.55
Capitated Expenses/Refunds	31	0.86	2,841	0.67	69	0.64	2,941	0.67
Net Reinsurance Cost	10	0.28	1,737	0.41	47	0.43	1,794	0.41
Administrative Expenses								
Fixed Amount	450	12.50	52,800	12.50	1,350	12.50	54,600	12.50
Percentage of Premium	5.75 %	54.73	5.75 %	19.90	5.75 %	28.90	5.75 %	20.41
Risk Margin	2.00 %	19.04	2.00 %	6.92	2.00 %	10.05	2.00 %	7.10
Premium Tax	1.75 %	16.66	1.75 %	6.06	1.75 %	8.80	1.75 %	6.21
Maintenance Tax	3	0.07	296	0.07	8	0.07	306	0.07
Projected Total Cost	34,269	951.91	1,461,718	346.05	54,287	502.65	1,550,274	354.92
Adjusted Total Cost	34,269	951.91	1,461,718	346.05	17,723	164.10	1,513,710	346.55
Experience Rate Increase		20.4 %		-14.8 %		-39.2 %		-14.7 %

	Newborn 198-202%		Perinate <198%		Perinate 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013- 8/31/2014								
Member Months	8		3,496		99		3,603	
Estimated Incurred Claims	1,059	132.38	975,459	279.02	43,089	435.24	1,019,607	282.99
Projected FY2016 Member Months	36		2,844		132		3,012	
Projected FY2016 Premium								
Current Rates	28,464	790.67	1,118,261	393.20	35,656	270.12	1,182,381	392.56
Current DSP Rate	0	0.00	0	0.00	43,918	332.71	43,918	14.58
Annual Trend Assumptions								
FY2015	4.10 %		4.10 %		4.10 %			
FY2016	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	1.0000		1.0024		1.0000			
Inpatient Reimbursement Changes	1.0000		1.0005		1.0177			
Projected Incurred Claims	5,209	144.70	869,892	305.87	63,909	484.16	939,011	311.76
Capitated Expenses/Refunds	659	18.30	35,256	12.40	1,604	12.15	37,519	12.46
Net Reinsurance Cost	25	0.70	1,768	0.62	78	0.59	1,871	0.62
Administrative Expenses								
Fixed Amount	450	12.50	35,550	12.50	1,650	12.50	37,650	12.50
Percentage of Premium	5.75 %	11.20	5.75 %	21.06	5.75 %	32.37	5.75 %	21.44
Risk Margin	2.00 %	3.90	2.00 %	7.33	2.00 %	11.26	2.00 %	7.46
Premium Tax	1.75 %	3.41	1.75 %	6.41	1.75 %	9.85	1.75 %	6.52
Maintenance Tax	3	0.07	199	0.07	9	0.07	211	0.07
Projected Total Cost	7,012	194.77	1,041,619	366.25	74,310	562.96	1,122,941	372.82
Adjusted Total Cost	7,012	194.77	1,041,619	366.25	30,392	230.24	1,079,023	358.24
Experience Rate Increase		-75.4 %		-6.9 %		-14.8 %		-8.7 %

	Newborn 198-202%		Perinate <198%		Perinate 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013- 8/31/2014								
Member Months	215		100,988		1,642		102,845	
Estimated Incurred Claims	21,018	97.76	27,698,097	274.27	460,802	280.63	28,179,916	274.00
Projected FY2016 Member Months	144		76,716		1,464		78,324	
Projected FY2016 Premium								
Current Rates	113,856	790.67	30,022,807	391.35	395,456	270.12	30,532,119	389.82
Current DSP Rate	0	0.00	0	0.00	411,674	281.20	411,674	5.26
Annual Trend Assumptions								
FY2015	4.10 %		4.10 %		4.10 %			
FY2016	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	1.0181		1.0077		1.0074			
Inpatient Reimbursement Changes	1.0027		1.0000		1.0078			
Projected Incurred Claims	15,708	109.08	23,175,942	302.10	455,930	311.43	23,647,580	301.92
Capitated Expenses/Refunds	633	4.39	257,704	3.36	3,874	2.65	262,210	3.35
Net Reinsurance Cost	12	0.09	7,907	0.10	144	0.10	8,064	0.10
Administrative Expenses								
Fixed Amount	1,800	12.50	958,950	12.50	18,300	12.50	979,050	12.50
Percentage of Premium	5.75 %	8.01	5.75 %	20.21	5.75 %	20.76	5.75 %	20.20
Risk Margin	2.00 %	2.79	2.00 %	7.03	2.00 %	7.22	2.00 %	7.03
Premium Tax	1.75 %	2.44	1.75 %	6.15	1.75 %	6.32	1.75 %	6.15
Maintenance Tax	10	0.07	5,370	0.07	102	0.07	5,483	0.07
Projected Total Cost	20,069	139.37	26,967,816	351.53	528,564	361.04	27,516,449	351.32
Adjusted Total Cost	20,069	139.37	26,967,816	351.53	116,890	79.84	27,104,775	346.06
Experience Rate Increase		-82.4 %		-10.2 %		-70.4 %		-11.2 %

	Newborn 198-202%		Perinate <198%		Perinate 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013- 8/31/2014								
Member Months	132		42,275		787		43,194	
Estimated Incurred Claims	20,548	155.67	11,027,387	260.85	200,696	255.01	11,248,630	260.42
Projected FY2016 Member Months	72		30,108		720		30,900	
Projected FY2016 Premium								
Current Rates	56,928	790.67	11,070,109	367.68	194,486	270.12	11,321,524	366.39
Current DSP Rate	0	0.00	0	0.00	191,171	265.52	191,171	6.19
Annual Trend Assumptions								
FY2015	4.10 %		4.10 %		4.10 %			
FY2016	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	1.0000		1.0002		1.0001			
Inpatient Reimbursement Changes	1.0028		1.0000		1.0027			
Projected Incurred Claims	12,285	170.63	8,586,136	285.18	201,257	279.52	8,799,678	284.78
Capitated Expenses/Refunds	27	0.37	4,954	0.16	104	0.14	5,084	0.16
Net Reinsurance Cost	46	0.64	12,982	0.43	302	0.42	13,330	0.43
Administrative Expenses								
Fixed Amount	900	12.50	376,350	12.50	9,000	12.50	386,250	12.50
Percentage of Premium	5.75 %	11.70	5.75 %	18.96	5.75 %	18.59	5.75 %	18.93
Risk Margin	2.00 %	4.07	2.00 %	6.59	2.00 %	6.47	2.00 %	6.58
Premium Tax	1.75 %	3.56	1.75 %	5.77	1.75 %	5.66	1.75 %	5.76
Maintenance Tax	5	0.07	2,108	0.07	50	0.07	2,163	0.07
Projected Total Cost	14,655	203.55	9,925,447	329.66	232,832	323.38	10,172,935	329.22
Adjusted Total Cost	14,655	203.55	9,925,447	329.66	41,662	57.86	9,981,764	323.03
Experience Rate Increase		-74.3 %		-10.3 %		-78.6 %		-11.8 %

	Newborn 198-202%		Perinate <198%		Perinate 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2013- 8/31/2014								
Member Months	88		29,767		468		30,323	
Estimated Incurred Claims	3,689	41.92	10,610,312	356.45	166,951	356.73	10,780,953	355.54
Projected FY2016 Member Months	36		23,136		360		23,532	
Projected FY2016 Premium								
Current Rates	28,464	790.67	11,029,394	476.72	97,243	270.12	11,155,101	474.04
Current DSP Rate	0	0.00	0	0.00	102,709	285.30	102,709	4.36
Annual Trend Assumptions								
FY2015	4.10 %		4.10 %		4.10 %			
FY2016	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	1.0000		1.0041		1.0000			
Inpatient Reimbursement Changes	0.9992		1.0001		1.0129			
Projected Incurred Claims	1,648	45.79	9,051,943	391.25	142,185	394.96	9,195,776	390.78
Capitated Expenses/Refunds	116	3.23	21,130	0.91	406	1.13	21,653	0.92
Net Reinsurance Cost	18	0.50	5,952	0.26	115	0.32	6,085	0.26
Administrative Expenses								
Fixed Amount	450	12.50	289,200	12.50	4,500	12.50	294,150	12.50
Percentage of Premium	5.75 %	3.94	5.75 %	25.73	5.75 %	25.98	5.75 %	25.70
Risk Margin	2.00 %	1.37	2.00 %	8.95	2.00 %	9.04	2.00 %	8.94
Premium Tax	1.75 %	1.20	1.75 %	7.83	1.75 %	7.91	1.75 %	7.82
Maintenance Tax	3	0.07	1,620	0.07	25	0.07	1,647	0.07
Projected Total Cost	2,470	68.60	10,353,420	447.50	162,686	451.90	10,518,575	446.99
Adjusted Total Cost	2,470	68.60	10,353,420	447.50	59,977	166.60	10,415,866	442.63
Experience Rate Increase		-91.3 %		-6.1 %		-38.3 %		-6.6 %

FY2016 CHIP Perinatal Rating  
 Rating Assumptions  
 Benefit and Provider Reimbursement Changes

Service Area	IP Hospital Reimbursement Change (1)			PPR Reduction (2)			PPC Reduction (3)		
	NB >198%	Per <198%	Per >198%	NB >198%	Per <198%	Per >198%	NB >198%	Per <198%	Per >198%
Bexar	0.0000	0.0000	0.0000	0.0000	0.0000	-0.0009	-0.0030	0.0000	-0.0031
Dallas	0.0000	0.0000	0.0000	0.0001	0.0000	-0.0001	0.0011	0.0000	-0.0022
El Paso	0.0000	0.0000	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000	0.0011
Harris	0.0000	0.0000	0.0005	-0.0017	0.0000	0.0017	-0.0003	0.0000	-0.0010
Jefferson	0.0000	0.0000	0.0000	0.0000	0.0001	0.0016	0.0000	0.0000	-0.0042
Lubbock	0.0000	0.0000	0.0000	0.0000	0.0000	-0.0008	-0.0149	0.0000	-0.0058
Nueces	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	-0.0001	-0.0033
RSA	0.0000	0.0000	0.0000	-0.0007	0.0000	-0.0004	-0.0024	0.0000	-0.0020
Tarrant	-0.0007	0.0000	0.0000	-0.0008	0.0000	0.0001	0.0000	0.0000	-0.0004
Travis	0.0000	0.0000	0.0000	0.0000	0.0000	0.0003	-0.0013	0.0000	-0.0004

Service Area	Limit Related Party (4)			OP Rural Hospital Reimb. Change (5)			Imaging Fee Schedule Change (6)		
	NB >198%	Per <198%	Per >198%	NB >198%	Per <198%	Per >198%	NB >198%	Per <198%	Per >198%
Bexar	0.0000	0.0000	0.0000	0.0000	0.0002	0.0028	0.0000	0.0000	0.0001
Dallas	-0.0017	-0.1044	-0.0635	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
El Paso	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Harris	0.0000	-0.0025	-0.0039	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000
Jefferson	0.0000	-0.0004	-0.0011	0.0000	0.0003	0.0019	0.0000	0.0001	0.0000
Lubbock	0.0000	0.0000	0.0000	0.0000	0.0067	0.0060	0.0000	0.0012	0.0004
Nueces	0.0000	0.0000	0.0000	0.0000	0.0021	0.0000	0.0000	0.0003	0.0000
RSA	0.0000	0.0000	0.0000	0.0173	0.0026	0.0061	0.0008	0.0008	0.0013
Tarrant	0.0000	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000	0.0001	0.0001
Travis	0.0000	0.0000	0.0000	0.0000	0.0003	0.0000	0.0000	0.0001	0.0000

FY2016 CHIP Perinatal Rating  
 Rating Assumptions  
 Benefit and Provider Reimbursement Changes

Service Area	Therapy Reimbursement Change (7)			Makena Rating Adjustment (8)		
	NB >198%	Per <198%	Per >198%	NB >198%	Per <198%	Per >198%
Bexar	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dallas	-0.0012	0.0000	0.0000	0.0000	0.0000	0.0000
El Paso	0.0000	0.0000	0.0000	0.0000	0.0186	0.0000
Harris	0.0000	0.0000	0.0000	0.0000	0.0004	0.0000
Jefferson	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Lubbock	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Nueces	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
RSA	0.0000	0.0000	0.0000	0.0000	0.0043	0.0000
Tarrant	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Travis	0.0000	0.0000	0.0000	0.0000	0.0037	0.0000

- (1) Inpatient hospital reimbursement change
- (2) Reduction for potentially preventable readmissions
- (3) Reduction for potentially preventable conditions
- (4) Limit reimbursement to related party
- (5) Outpatient rural hospital reimbursement change - non imaging services
- (6) Outpatient rural hospital reimbursement change - imaging services
- (7) Therapy reimbursement reduction
- (8) Impact of adding Makena to Rx formulary.

## *Attachment 8*

### CHIP Dental Rating

Exhibit A presents a summary of the actuarial model used to derive the FY2016 CHIP Dental premium rates. The premium rates rely on recent dental plan financial experience. Historical claims experience data for the dental plan was analyzed and estimates for the base period January 1<sup>st</sup>, 2014 through December 31<sup>th</sup>, 2014 (CY2014) were developed. The claims experience was trended forward to FY2016 using assumed trend rates of 5.0% for FY2015 and FY2016. An adjustment was also made for an expected increase in utilization as a result of the Pay-for-Quality (P4Q) program.

Provision for administrative expenses (\$1.75 pmpm), risk margin (2.0% of premium), premium tax (1.75% of premium) and maintenance tax (\$.023 pmpm) were added to the projected claims to produce the FY2016 premium rates.

The bottom of the exhibit shows a summary of the projected FY2016 cost based on these assumptions and the experience rate increase.

Attached Exhibit B presents a summary of the historical CHIP dental plan claims experience.

Attached Exhibit C presents the derivation of the Pay-for-Quality utilization adjustment factors. Effective January 1, 2015, the P4Q program places two percent of each dental plan's premium at risk. In order to retain the full two percent of premium, we have assumed that each dental plan will increase preventive service utilization by closing the gap between the attainable goal and the baseline experience (calendar year 2014) by 15% each year for each of the P4Q measurements. Exhibit C-1 presents the estimated cost increase as a result of the P4Q program. The top of the exhibit shows the CY2014 baseline period measurement value, attainable goal and cost per member receiving services for each of the P4Q measurements. The middle of the exhibit shows the increase in utilization for each of the P4Q measurements needed to close the gap between the attainable goal and the baseline experience by 15% each year. The bottom of the exhibit shows the estimated increase in cost as a result of the P4Q program. Exhibit C-2 presents the derivation of the P4Q adjustment factor by redistributing the estimated increase in cost by age groups.



CHIP Dental Experience Based Rating  
Rating Period: 9/1/2015 - 8/31/2016  
Experience Period - CY2014

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Experience Period - CY2014										
Member Months	5,595		966,544		3,207,323		1,148,819		5,328,281	
Estimated Incurred Claims	5,766	1.03	13,696,960	14.17	66,764,042	20.82	21,358,469	18.59	101,825,236	19.11
Projected FY2016 Member Months	1,632		897,876		2,276,784		805,260		3,981,552	
Annual Trend Assumptions	5.0 %		5.0 %		5.0 %		5.0 %			
Adjustment Factors										
P4Q Utilization Adjustment	1.0000		1.0266		1.0344		1.0303			
Projected Incurred Claims	1,824	1.12	14,168,449	15.78	53,175,606	23.36	16,731,557	20.78	84,077,436	21.12
Administrative Fee	2,856	1.75	1,571,283	1.75	3,984,372	1.75	1,409,205	1.75	6,967,716	1.75
Risk Margin	98	2.00%	327,495	2.00%	1,188,844	2.00%	377,341	2.00%	1,893,778	2.00%
Premium Tax	86	1.75%	286,558	1.75%	1,040,238	1.75%	330,174	1.75%	1,657,056	1.75%
Maintenance Tax	38	0.02	20,950	0.02	53,125	0.02	18,789	0.02	92,903	0.02
Projected Total Cost	4,902	3.00	16,374,734	18.24	59,442,185	26.11	18,867,066	23.43	94,688,888	23.78
Current Rates	5,288	3.24	15,290,828	17.03	57,010,671	25.04	17,506,352	21.74	89,813,140	22.56
% Change		-7.3%		7.1%		4.3%		7.8%		5.4%

CHIP Dental Plan  
 Estimated Claims Experience  
 All Age Groups

Month	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
Sep-11	549,975	7,218,089	1.000	7,218,089	13.12	
Oct-11	554,117	7,967,368	1.000	7,967,368	14.38	
Nov-11	567,712	7,778,337	1.000	7,778,337	13.70	
Dec-11	562,985	8,340,662	1.000	8,340,662	14.82	
Jan-12	561,869	8,749,684	1.000	8,749,684	15.57	
Feb-12	566,073	9,126,586	1.000	9,126,586	16.12	
Mar-12	571,294	9,230,160	1.000	9,230,160	16.16	
Apr-12	579,145	8,869,316	1.000	8,869,316	15.31	
May-12	581,835	8,754,207	1.000	8,754,207	15.05	
Jun-12	580,687	11,387,682	1.000	11,387,682	19.61	
Jul-12	581,961	11,430,725	1.000	11,430,725	19.64	
Aug-12	583,655	13,174,810	1.000	13,174,810	22.57	
Sep-12	580,828	7,334,118	1.000	7,334,118	12.63	0.962
Oct-12	581,752	9,265,113	1.000	9,265,113	15.93	1.108
Nov-12	582,575	8,353,523	1.000	8,353,523	14.34	1.047
Dec-12	588,450	7,873,707	1.000	7,873,707	13.38	0.903
Jan-13	591,706	11,084,193	1.000	11,084,193	18.73	1.203
Feb-13	591,263	10,140,785	1.000	10,140,785	17.15	1.064
Mar-13	594,619	12,301,157	1.000	12,301,157	20.69	1.280
Apr-13	597,573	10,071,988	1.000	10,071,988	16.85	1.101
May-13	601,010	9,849,207	1.000	9,849,207	16.39	1.089
Jun-13	603,147	11,084,600	1.000	11,084,600	18.38	0.937
Jul-13	605,944	13,230,136	1.000	13,230,136	21.83	1.112
Aug-13	607,226	14,188,633	1.000	14,188,633	23.37	1.035
Sep-13	607,873	9,144,295	1.000	9,144,295	15.04	1.191
Oct-13	600,512	10,436,036	1.000	10,436,036	17.38	1.091
Nov-13	581,642	9,312,963	1.000	9,312,963	16.01	1.117
Dec-13	567,399	8,178,155	1.000	8,178,155	14.41	1.077
Jan-14	568,028	10,594,029	1.000	10,597,136	18.66	0.996
Feb-14	556,767	9,769,946	1.000	9,772,603	17.55	1.023
Mar-14	524,093	11,473,654	1.000	11,476,820	21.90	1.059
Apr-14	490,183	8,840,448	1.000	8,843,413	18.04	1.070
May-14	480,840	8,244,173	1.000	8,247,373	17.15	1.047
Jun-14	461,039	9,251,988	1.000	9,256,016	20.08	1.092
Jul-14	430,733	10,034,799	0.999	10,040,144	23.31	1.068
Aug-14	404,550	9,474,069	0.999	9,480,883	23.44	1.003
Sep-14	376,448	6,243,920	0.999	6,250,056	16.60	1.104
Oct-14	357,228	6,512,752	0.998	6,524,391	18.26	1.051
Nov-14	343,019	5,598,976	0.996	5,619,570	16.38	1.023
Dec-14	335,353	5,646,171	0.988	5,716,831	17.05	1.183
FY2012	6,841,308			112,027,627	16.38	
FY2013	7,126,093			124,777,159	17.51	1.069
FY2014	6,273,659			114,785,837	18.30	1.045
CY2014	5,328,281			101,825,236	19.11	

FY2016 CHIP Dental Rating  
P4Q Utilization Adjustment  
Statewide Experience

	Preventive	Sealants		Annual Dental Visit				
		6-9	10-14	2-3	4-6	7-10	11-14	15-18
CY2014 Experience Period								
Total Members	181,607	99,946	127,640	13,673	24,627	50,345	48,010	40,047
Num. Members Receiving P4Q Ser	121,903	18,842	15,183	9,637	18,875	38,246	34,143	25,085
Current Measurement %	67.1%	18.9%	11.9%	70.5%	76.6%	76.0%	71.1%	62.6%
Attainable Goal	80.0%	30.0%	25.0%	80.0%	88.0%	90.0%	85.0%	75.0%
Paid per Member (1)	113.62	84.03	69.63	223.53	344.03	357.07	355.90	393.92
Paid per Member Adjusted (2)	124.98	92.43	76.59	245.88	378.43	392.77	391.49	433.32
15% Incremental Improvement (3)								
Year 1	1.9%	1.7%	2.0%	1.4%	1.7%	2.1%	2.1%	1.9%
Year 2	1.1%	0.9%	1.1%	0.8%	1.0%	1.2%	1.2%	1.1%
Total - Percent Increase	3.0%	2.6%	3.1%	2.2%	2.7%	3.3%	3.3%	2.9%
Total - Member Increase	5,495	2,618	3,931	306	657	1,660	1,566	1,163
Estimated P4Q Impact (4)	686,765	242,006	301,069	75,198	248,721	652,067	613,220	504,081

(1) Average paid per member for P4Q services for each of the measurements.

(2) Assume Paid per Member will increase by 10% due to additional ancillary services performed on top of P4Q services.

(3) Assume each plan will increase utilization by closing gap between attainable goal and current measurement value

(4) Total Member Increase \* Avg. Cost per Member

FY2016 CHIP Dental Rating  
Pay for Performance Utilization Adjustment

	Age <1	Age 1-5	Age 6-14	Age 15-18	Total
Estimated Cost Impact of Pay for Performance Utilization Increase (1)					
Preventive Services	-	124,360	414,055	148,350	686,765
Sealant 6-9	-	-	242,006	-	242,006
Sealant 10-14	-	-	301,069	-	301,069
Annual Dental Visit 2-3	-	75,198	-	-	75,198
Annual Dental Visit 4-6	-	165,814	82,907	-	248,721
Annual Dental Visit 7-10	-	-	652,067	-	652,067
Annual Dental Visit 11-14	-	-	613,220	-	613,220
Annual Dental Visit 15-18	-	-	-	504,081	504,081
Total	-	365,372	2,305,324	652,431	3,323,127
CY2014 Total Incurred Claims	5,766	13,696,960	66,764,042	21,358,469	101,825,236
Rate Adjustment (2)	0.0 %	2.7 %	3.5 %	3.1 %	3.3 %

Footnotes:

(1) Equals the additional cost assuming an increase in utilization for each of the Pay-for-Quality metrics.

Assumes each plan will close the gap between the attainable goal and the baseline experience value by 15% per year.

(2) Additional cost divided by CY2014 Total Incurred Claims.

## *Attachment 9*

### Pay-for-Quality Program (P4Q)

The Texas P4Q Program is based on the concept of incremental improvement where each health plan is (1) incentivized to improve its own quality performance each year and (2) evaluated based on its success in achieving such improvement. A gap closure approach to each P4Q quality measure is used where a minimum threshold is set, establishing a minimum quality score at which health plans become eligible to earn positive quality points. Health plans with scores below the minimum threshold for a measure will not be eligible to earn positive points for incremental improvement, but will not be penalized as long as they show year-to-year improvement in the measure. An attainment goal is specified which represents a recognized level of excellence for the specific quality measure. Both minimum thresholds and attainment goals are determined at the discretion of HHSC.

The P4Q measures include:

1. Healthcare Effectiveness Data Information Set Quality of Care Measures
  - Well-child visits for 3, 4, 5, and 6 year olds
  - Adolescent well care
2. Potentially Preventable Events
  - Potentially Preventable Admissions
  - Potentially Preventable Emergency Department Visits
3. Relative Resource Use Asthma Composite Measure

Each health plan is expected to close the gap between the attainment goal and the health plan's baseline performance by 15 percent each year. This 15 percent annual gap closure target is not referring to a 15 percentage point annual increase in the measure, but is 15 percent of the difference between the attainment goal and the health plan's baseline performance. For example, if a health plan's current performance is 60 percent for the measure and the attainment goal is 70 percent, the gap is 70 percent - 60 percent or 10 percentage points. Correspondingly, 15 percent of the gap equals  $0.15 \times 10$  percentage points or 1.5 percentage points. The 15 percent annual gap closure target will be achieved if the health plan improves from 60 percent to 61.5 percent on the measure. Higher scores on the Healthcare Effectiveness Data Information Set (HEDIS®) measures correspond to higher quality. However, lower Potentially Preventable Event (PPE) expenditures are indicative of higher quality. For this reason, improvement for the PPE measures is defined by a reduction in PPE expenditures. PPE expenditures are calculated using standardized resource units rather than paid amounts to eliminate any extraneous market-based variation that is present in the paid amounts.