

**STATE OF TEXAS
CHILDREN'S HEALTH INSURANCE
PROGRAM
CHIP RATE SETTING
STATE FISCAL YEAR 2018**

Prepared for:

Texas Health and Human Services Commission

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I. Introduction

Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to develop the state fiscal year 2018 (FY2018, September 1, 2017 through August 31, 2018) 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 FY2018 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 2013 and a projection of future enrollment through August 2018. These projections were prepared by HHSC.
- Detailed MCO encounter data for FY2016. The encounter data is a dataset that includes the detail claim information for every claim incurred during FY2016 and paid through November 30, 2016. The dataset includes but is not limited to (1) individual member information – date of birth, risk group, health plan; (2) provider information – type of provider, NPI, bill type, taxonomy code; (3) procedure information – diagnosis, procedure code, claim modifier; and (4) payment information – paid amount, billed amount. This information is used to identify the providers and services which will receive or have received reimbursement changes in order to determine the cost impact of such changes.
- Claim lag reports by age group for each health plan for the period September 2013 through February 2017. 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 FY2015, FY2016 and the first six months of FY2017. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the health plan. The FSR is audited by an external auditor.
- 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 (FY2017) premium rates for each health plan.
- The number of maternity deliveries by health plan and risk group for the period September 2013 through February 2017.
- 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.
- FY2016 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 FY2016 CHIP health plan claims cost by type of service for certain services. This information was obtained from the encounter database.
- Information from HHSC regarding FY2017 and proposed FY2018 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 (i) the claim lag reports provided by the MCOs, (ii) the claim amounts reported in the FSRs and (iii) the claim amounts in the encounter data files. The three data sources are compared to ensure consistent results such that the three are considered interchangeable in aggregate. Although interchangeable in total, each data source has a unique role in the analysis. FSR data provides high level summary information of claims data, subcapitated expense, reinsurance expenses and administrative costs. In some cases, this information is available at the risk group level while for others it is only provided at an aggregated level. MCO summary reports provide HHSC-specified data points at a more granular level such as subcapitated expenses by service, claim lag data by service, other medical expenses and large claimant information. The detail encounter data provides claim data at the most granular level including information for individual claims such as provider, procedure code, diagnostic information, etc. The use of these multiple data sources allows for a dynamic, flexible rating model that is not constrained to the data limitation of a single source.

All data requested by the actuary was provided by HHSC and the participating MCOs. 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, 2015 through August 31, 2016 (FY2016).

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.*

Based on the review of the data by the EQRO, HHSC and Rudd and Wisdom, we have concluded that all data sources are consistent, complete and accurate. It is our opinion that the data collected for the rate development is high quality and we have no concerns over the availability or applicability to the FY2018 rate development. The accumulation of data sources noted above have been assigned full credibility.

Given the history of managed care data available for the CHIP program, the rate development is based exclusively on managed care data.

II. Overview of the Rate Setting Methodology

This report details the development of the medical and prescription drug components of the CHIP premium rate. Information regarding the CHIP Dental program can be found in the report titled “State of Texas Medicaid and CHIP Managed Care Dental Rate Setting FY2018”.

The actuarial model used to derive the FY2018 CHIP premium rates relies primarily on historical health plan experience. The historical claims experience for the program was analyzed and estimates for the base period were developed. Due to the significant differences between claim run out patterns, different base periods were selected for medical and prescription drug. The base period for the medical component was defined as FY2016 (September 1, 2015 through August 31, 2016) while the base period for the prescription drug component was defined as CY2016 (January 1, 2016 through December 31, 2016). The primary reason for varying the base periods between medical and prescription is that prescription drug claims complete much faster and therefore require minimal estimation of incurred but unpaid claims (IBNR). Estimates of the base period include an estimate of IBNR using claims paid through February 28, 2017 and represents the following percentage of incurred claims by type of service:

- Medical – 0.16%
- Prescription Drug – 0.0%

These estimates were then projected forward to FY2018 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 FY2018 cost under the health plan. These projected total cost rates were determined separately for each risk group for each health plan in each service area. 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
- Perinate Newborn 198%-202%
- Perinate Mother <198%
- Perinate Mother 198%-202%

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 FY2018 cost for each individual health plan by estimating their base period 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 such adjustments were necessary.

HHSC utilized the combination of two rating methodologies in setting the FY2018 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 FY2018 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 FY2018 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 projected FY2018 average total per-capita cost in a service area is called the unadjusted premium rate. This rate includes provision for all health care and administrative services to be provided by the health plan. This rate is then separated into two components – (i) non-maternity related expenses and (ii) maternity expenses. The premium rate for non-maternity expenses is called the adjusted premium rate. These are the monthly rates paid to the health plan. The amount paid for maternity expenses is called the Delivery Supplemental Payment (DSP). Additional information regarding DSP is included in Attachment 7.

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

The FY2018 CHIP non-Perinate health plan premium rates were then defined as the following: the minimum of (a) 108% 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 determined on a statewide basis.

The FY2018 CHIP Perinate health plan premium rates were defined as the following: statewide rate for the Perinate Newborn 198%-202% and Perinate Mother 198%-202% risk groups and community rate for the Perinate Mother <198% risk group. The enrollment for the Perinate Newborn 198%-202% and Perinate Mother 198%-202% risk groups were so small that credible rates could not be set by area. As a result, the rate for these risk groups were calculated on a statewide basis.

III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2018 CHIP rate setting process.

Trend Factors - Medical

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 CHIP Perinate versus CHIP non-Perinate programs and by projection year (FY2017 and FY2018).

The trend analysis included a review of health plan claims experience data through February 28, 2017. Based on this information, estimates of monthly incurred claims were made through December 2016. 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 FY2017 trend assumption was developed from two components: (i) the actual estimated trend for the period September 2016 through December 2016 and (ii) the projected trend for the period January 2017 through August 2017. 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.

This analysis was used to select an annual trend rate assumption of 3.0% for FY2017 and 4.0% for FY2018 for the CHIP non-Perinate program and 3.4% for FY2017 and 4.2% for FY2018 for the CHIP Perinate program.

Attachment 4 – Exhibit A presents a summary of the derivation of the medical trend assumption.

Trend Factors - Pharmacy

The rating methodology uses assumed pharmacy trend factors to adjust the base period (CY2016) claims cost to the rating period (FY2018). The trend rate assumptions were developed by the actuary based on an analysis of recent pharmacy claims experience under the CHIP program and the actuary's professional judgment regarding anticipated future cost changes. The trend rate assumption is the same for all CHIP risk groups and service areas.

The trend analysis included a review of CHIP utilization and cost experience data paid through March 31, 2017. Utilization (days supply per member) and cost per service (plan payments per days supply) statistics were developed by risk group and drug type (brand, generic and specialty) through February 2017. From this experience, the average annual utilization and cost per service were determined for each of the five 12-month periods ending February 2017.

Only those drugs covered under the capitated arrangement are included in the trend analysis. Anti-viral agents used for the treatment of Hepatitis C virus and the drug Orkambi are not included in the analysis as those drugs are carved out of the managed care contract. In addition, experience for the drugs Tamiflu and Makena were removed from our trend analysis. Tamiflu was removed due to the significant variation in the intensity of flu season from year to year. Makena was removed due to its one-time distortion of pharmacy trends for pregnant women. A specific cost adjustment for Makena was included elsewhere in the rate development and is described below. Please note that while excluded from the pharmacy trend analysis, the historical claims for Tamiflu and Makena were included in the base period experience used in developing the pharmacy component of the rates.

The CHIP pharmacy trend assumption for the remainder of FY2017 and all of FY2018 were developed using the following formula. The utilization and cost per service trend assumptions were set equal to one-sixth of the experience trend rate for the 12-month period ending February 2015 plus two-sixths of the experience trend rate for the 12-month period ending February 2016 plus three-sixths of the experience trend rate for the 12-month period ending February 2017. The final cost trend assumptions were then determined by applying the assumed utilization and cost per service trends by individual drug type to actual experience for the 12-month period ending February 2017 and combining the results into a single trend assumption.

Attachment 4 Exhibit B includes a summary of the pharmacy trend analysis for CHIP.

Please note that the MCOs were provided a detailed trend analysis file which included the historical utilization and cost experience as well as all of the formulas and assumptions used in developing the trend assumption.

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:

- Labor and Delivery Surgery Reimbursement Change
- Therapy Reimbursement Change
- Therapy Policy Change
- Radiology Reimbursement Change
- Remove Invalid Clinician Administered Drugs
- Potentially Preventable Readmissions Reduction
- Potentially Preventable Complications Reduction
- Hospital Reimbursement Changes - Standard Dollar Amount
- Limit Related Party Reimbursement to 100% of Medicaid
- Makena Utilization Increase Adjustment

The rating adjustments for these provider reimbursement changes were calculated by applying actual health plan encounter data to the old and new reimbursement basis and the

resulting impact determined. Attachment 5 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 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 acuity risk adjustment is the Chronic Illness and Disability Payment System (CDPS). Additional information regarding risk adjustment is included in Attachment 6.

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

IV. Administrative Fees, 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) for the CHIP non-Perinate program and \$12.50 pmpm for the CHIP Perinate program 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 (\$0.058 pmpm) and a risk margin (1.50% 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 Dental

This report details the development of the medical and prescription drug component of the premium. Further information regarding the dental premium rate can be found in the report titled “State of Texas Medicaid and CHIP Managed Care Dental Rate Setting FY2018.”

VI. Summary

The chart below presents the results of the FY2018 CHIP rating analysis and includes all components of the premium – medical and prescription drug.

Health Plan	CHIP - Medical & Prescription Drug Rates				
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2018 CHIP Premium Rates pmpm					
Aetna - Bexar	184.18	130.18	85.00	98.05	3,100.00
Amerigroup - Bexar	184.18	87.18	84.54	66.42	3,100.00
CFHP - Bexar	184.18	134.76	111.53	127.08	3,100.00
Superior - Bexar	184.18	140.72	116.26	129.72	3,100.00
Amerigroup - Dallas	184.18	144.08	111.42	129.58	3,100.00
Molina - Dallas	184.18	137.84	83.75	101.76	3,100.00
Parkland - Dallas	184.18	149.70	104.75	129.02	3,100.00
El Paso First - El Paso	184.18	113.42	95.69	103.39	3,100.00
Superior - El Paso	184.18	113.84	87.72	101.64	3,100.00
Amerigroup - Harris	184.18	127.69	122.11	140.92	3,100.00
CHC - Harris	184.18	158.68	122.23	150.32	3,100.00
Molina - Harris	184.18	127.28	106.80	80.58	3,100.00
TCHP - Harris	184.18	172.35	145.67	186.78	3,100.00
United - Harris	184.18	121.81	108.69	171.72	3,100.00
Amerigroup - Jefferson	184.18	113.67	104.90	203.68	3,100.00
CHC - Jefferson	184.18	151.01	101.03	169.41	3,100.00
Molina - Jefferson	184.18	75.59	150.42	132.09	3,100.00
TCHP - Jefferson	184.18	192.46	138.75	204.91	3,100.00
United - Jefferson	184.18	139.03	145.71	141.88	3,100.00
Firstcare - Lubbock	184.18	128.67	110.41	123.21	3,100.00
Superior - Lubbock	184.18	114.75	98.07	118.00	3,100.00
Christus - Nueces	184.18	152.76	114.92	141.99	3,100.00
Driscoll - Nueces	184.18	183.00	182.40	201.81	3,100.00
Superior - Nueces	184.18	168.30	145.60	147.69	3,100.00
Aetna - Tarrant	184.18	119.89	93.95	117.26	3,100.00
Amerigroup - Tarrant	184.18	134.90	107.51	142.84	3,100.00
Cook - Tarrant	184.18	155.32	120.92	140.57	3,100.00
BCBS - Travis	184.18	172.62	97.81	158.90	3,100.00
Sendero - Travis	184.18	127.15	81.43	141.31	3,100.00
Seton - Travis	184.18	147.68	132.15	180.38	3,100.00
Superior - Travis	184.18	169.19	104.93	167.03	3,100.00
Molina - RSA	184.18	105.31	92.28	113.36	3,100.00
Superior - RSA	184.18	118.49	102.60	148.31	3,100.00

CHIP Perinate - Medical & Prescription Drug Rates

Health Plan	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2018 CHIP Perinate Premium Rates pmpm				
Aetna - Bexar	309.32	411.03	588.30	3,100.00
Amerigroup - Bexar	309.32	411.03	588.30	3,100.00
CFHP - Bexar	309.32	411.03	588.30	3,100.00
Superior - Bexar	309.32	411.03	588.30	3,100.00
Amerigroup - Dallas	309.32	409.67	588.30	3,100.00
Molina - Dallas	309.32	409.67	588.30	3,100.00
Parkland - Dallas	309.32	409.67	588.30	3,100.00
El Paso First - El Paso	309.32	382.59	588.30	3,100.00
Superior - El Paso	309.32	382.59	588.30	3,100.00
Amerigroup - Harris	309.32	583.64	588.30	3,100.00
CHC - Harris	309.32	583.64	588.30	3,100.00
Molina - Harris	309.32	583.64	588.30	3,100.00
TCHP - Harris	309.32	583.64	588.30	3,100.00
United - Harris	309.32	583.64	588.30	3,100.00
Amerigroup - Jefferson	309.32	626.25	588.30	3,100.00
CHC - Jefferson	309.32	626.25	588.30	3,100.00
Molina - Jefferson	309.32	626.25	588.30	3,100.00
TCHP - Jefferson	309.32	626.25	588.30	3,100.00
United - Jefferson	309.32	626.25	588.30	3,100.00
Firstcare - Lubbock	309.32	430.16	588.30	3,100.00
Superior - Lubbock	309.32	430.16	588.30	3,100.00
Christus - Nueces	309.32	560.34	588.30	3,100.00
Driscoll - Nueces	309.32	560.34	588.30	3,100.00
Superior - Nueces	309.32	560.34	588.30	3,100.00
Aetna - Tarrant	309.32	443.60	588.30	3,100.00
Amerigroup - Tarrant	309.32	443.60	588.30	3,100.00
Cook - Tarrant	309.32	443.60	588.30	3,100.00
BCBS - Travis	309.32	566.97	588.30	3,100.00
Sendero - Travis	309.32	566.97	588.30	3,100.00
Seton - Travis	309.32	566.97	588.30	3,100.00
Superior - Travis	309.32	566.97	588.30	3,100.00
Molina - RSA	309.32	447.01	588.30	3,100.00
Superior - RSA	309.32	447.01	588.30	3,100.00

CHIP Dental Rates

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18
FY2018 Premium Rates pmpm	2.88	18.45	27.04	25.40

Attachment 1 presents additional information regarding the FY2018 CHIP medical and pharmacy rates including a comparison to current (FY2017) rates. This report details the development of the medical and prescription drug component of the premium. Further information regarding the dental premium rate can be found in the report titled “State of Texas Medicaid and CHIP Managed Care Dental Rate Setting FY2018”.

Attachment 9 presents the required rating index summarizing the applicable sections from the 2017-2018 Medicaid Managed Care Rate Development Guide.

VII. Actuarial Certification of FY2018 CHIP HMO Premium Rates

We, Evan L. Dial, Khiem D. Ngo and David G. Wilkes are principals with the firm of Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom). We are Fellows of the Society of Actuaries and members of the American Academy of Actuaries. We 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 the CHIP premium rate for the period September 1, 2017 through August 31, 2018 and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.4.

We certify that the CHIP premium rate developed by HHSC and Rudd and Wisdom satisfies the following:

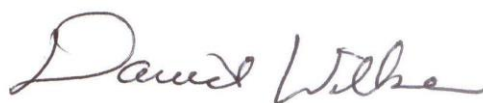
- (a) The premium rate has been developed in accordance with generally accepted actuarial principals and practices;
- (b) The premium rate is appropriate for the populations and services covered under the managed care contract; and
- (c) The premium rate is actuarially sound as defined in the regulations.

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.

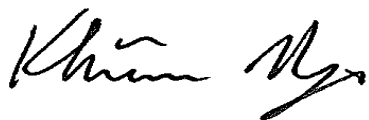
Please note that actual health plan contractor experience will differ from these projections. Rudd and Wisdom has developed these rates on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.3(c), 438.3(e), 438.4, 438.5, 438.6 and 438.7. Any health plan contracting with the State should analyze its own projected premium needs before deciding whether to contract with the State.



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VIII. Attachments

Attachment 1 – Summary of FY2018 CHIP Medical and Pharmacy Rating Analysis

Attachment 2 – Individual Health Plan Experience Analysis

Attachment 3 – Community Experience Analysis

Attachment 4 – Trend Analysis

Attachment 5 – Provider Reimbursement and Benefit Adjustment Factors

Attachment 6 – Acuity Risk Adjustment

Attachment 7 – Delivery Supplemental Payment

Attachment 8 – Pay-for-Quality (P4Q) Program

Attachment 9 – Index for 2017-2018 Medicaid Managed Care Rate Development Guide

Attachment 1

Summary of FY2018 CHIP Medical and Pharmacy Rating Analysis

Exhibit A presents summary information regarding the FY2018 CHIP health plan rates. Included on the exhibit are current (FY2017) premium rates, split between medical, prescription drug, and delivery supplemental payment (DSP) components; FY2018 premium rates, split between medical, prescription drug and DSP components; and a comparison of FY2017 and FY2018 premium rates.

Exhibit B presents a comparison of the projected expenditures under the current (FY2017) premium rates and the FY2018 premium rates. The projection is split by medical (includes DSP) and pharmacy.

FY2018 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
Current (9/1/16-8/31/17) Medical Premium Rates pmpm								
Aetna - Bexar	212.83	102.84	74.90	76.07	795.43	344.88	232.00	3,100.00
Amerigroup - Bexar	212.83	91.05	52.72	71.06	795.43	344.88	232.00	3,100.00
CFHP - Bexar	212.83	129.50	78.54	91.47	795.43	344.88	232.00	3,100.00
Superior - Bexar	212.83	119.20	79.37	87.75	795.43	344.88	232.00	3,100.00
Amerigroup - Dallas	212.83	128.31	87.01	91.21	795.43	370.45	232.00	3,100.00
Molina - Dallas	212.83	111.94	68.00	64.27	795.43	370.45	232.00	3,100.00
Parkland - Dallas	212.83	133.39	86.73	93.49	795.43	370.45	232.00	3,100.00
El Paso First - El Paso	212.83	95.20	69.90	79.90	795.43	349.94	232.00	3,100.00
Superior - El Paso	212.83	102.11	61.17	74.58	795.43	349.94	232.00	3,100.00
Amerigroup - Harris	212.83	111.22	78.43	83.19	795.43	476.99	232.00	3,100.00
CHC - Harris	212.83	156.06	92.73	122.27	795.43	476.99	232.00	3,100.00
Molina - Harris	212.83	121.60	67.80	106.57	795.43	476.99	232.00	3,100.00
TCHP - Harris	212.83	150.94	110.91	171.03	795.43	476.99	232.00	3,100.00
United - Harris	212.83	134.01	77.46	124.87	795.43	476.99	232.00	3,100.00
Amerigroup - Jefferson	212.83	214.26	64.71	112.68	795.43	534.56	232.00	3,100.00
CHC - Jefferson	212.83	141.14	86.99	117.47	795.43	534.56	232.00	3,100.00
Molina - Jefferson	212.83	132.94	50.15	100.92	795.43	534.56	232.00	3,100.00
TCHP - Jefferson	212.83	172.39	95.82	151.94	795.43	534.56	232.00	3,100.00
United - Jefferson	212.83	110.94	69.16	102.66	795.43	534.56	232.00	3,100.00
Firstcare - Lubbock	212.83	114.78	77.39	86.98	795.43	376.60	232.00	3,100.00
Superior - Lubbock	212.83	102.89	69.52	96.71	795.43	376.60	232.00	3,100.00
Christus - Nueces	212.83	149.36	83.45	83.10	795.43	430.93	232.00	3,100.00
Driscoll - Nueces	212.83	157.18	133.61	173.35	795.43	430.93	232.00	3,100.00
Superior - Nueces	212.83	103.28	112.45	113.10	795.43	430.93	232.00	3,100.00
Aetna - Tarrant	212.83	92.09	67.23	90.62	795.43	349.36	232.00	3,100.00
Amerigroup - Tarrant	212.83	100.76	81.69	128.99	795.43	349.36	232.00	3,100.00
Cook - Tarrant	212.83	122.55	95.10	136.26	795.43	349.36	232.00	3,100.00
BCBS - Travis	212.83	147.38	80.81	118.15	795.43	465.71	232.00	3,100.00
Sendero - Travis	212.83	111.37	68.10	85.46	795.43	465.71	232.00	3,100.00
Seton - Travis	212.83	115.54	92.36	140.09	795.43	465.71	232.00	3,100.00
Superior - Travis	212.83	132.34	89.48	123.89	795.43	465.71	232.00	3,100.00
Molina - RSA	212.83	73.98	58.93	84.40	795.43	372.16	232.00	3,100.00
Superior - RSA	212.83	90.83	70.93	98.91	795.43	372.16	232.00	3,100.00

FY2018 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
Current (9/1/16-8/31/17) Prescription Drug Premium Rates pmpm								
Aetna - Bexar	19.20	18.72	38.68	29.70	16.29	37.93	41.01	
Amerigroup - Bexar	19.20	15.78	24.45	28.33	16.29	37.93	41.01	
CFHP - Bexar	19.20	22.45	36.42	36.46	16.29	37.93	41.01	
Superior - Bexar	19.20	20.49	38.86	37.48	16.29	37.93	41.01	
Amerigroup - Dallas	19.20	19.66	37.61	51.56	16.29	22.01	41.01	
Molina - Dallas	19.20	16.95	29.46	35.30	16.29	22.01	41.01	
Parkland - Dallas	19.20	20.20	37.57	51.35	16.29	22.01	41.01	
El Paso First - El Paso	19.20	17.13	31.43	25.82	16.29	94.40	41.01	
Superior - El Paso	19.20	18.38	27.50	24.10	16.29	94.40	41.01	
Amerigroup - Harris	19.20	16.34	28.89	37.44	16.29	58.54	41.01	
CHC - Harris	19.20	20.13	30.57	39.47	16.29	58.54	41.01	
Molina - Harris	19.20	15.05	28.63	31.48	16.29	58.54	41.01	
TCHP - Harris	19.20	19.47	36.56	55.21	16.29	58.54	41.01	
United - Harris	19.20	15.08	29.60	41.51	16.29	58.54	41.01	
Amerigroup - Jefferson	19.20	36.89	40.25	47.46	16.29	44.53	41.01	
CHC - Jefferson	19.20	30.65	47.02	47.96	16.29	44.53	41.01	
Molina - Jefferson	19.20	56.79	52.75	28.03	16.29	44.53	41.01	
TCHP - Jefferson	19.20	29.68	59.60	64.00	16.29	44.53	41.01	
United - Jefferson	19.20	19.10	43.01	43.25	16.29	44.53	41.01	
Firstcare - Lubbock	19.20	19.79	37.51	39.42	16.29	52.37	41.01	
Superior - Lubbock	19.20	18.36	37.35	42.87	16.29	52.37	41.01	
Christus - Nueces	19.20	22.87	36.78	27.82	16.29	64.12	41.01	
Driscoll - Nueces	19.20	31.16	50.11	38.89	16.29	64.12	41.01	
Superior - Nueces	19.20	24.38	46.35	31.59	16.29	64.12	41.01	
Aetna - Tarrant	19.20	15.37	25.12	33.29	16.29	53.42	41.01	
Amerigroup - Tarrant	19.20	15.61	30.61	36.03	16.29	53.42	41.01	
Cook - Tarrant	19.20	18.98	35.64	38.06	16.29	53.42	41.01	
BCBS - Travis	19.20	19.33	29.13	36.20	16.29	32.46	41.01	
Sendero - Travis	19.20	14.61	24.54	26.18	16.29	32.46	41.01	
Seton - Travis	19.20	16.79	34.84	38.43	16.29	32.46	41.01	
Superior - Travis	19.20	17.36	32.25	37.96	16.29	32.46	41.01	
Molina - RSA	19.20	27.17	38.26	40.25	16.29	64.20	41.01	
Superior - RSA	19.20	31.78	46.83	48.69	16.29	64.20	41.01	

FY2018 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
Current Total Premium Rates pmpm								
Aetna - Bexar	232.03	121.56	113.58	105.77	811.72	382.81	273.01	3,100.00
Amerigroup - Bexar	232.03	106.83	77.17	99.39	811.72	382.81	273.01	3,100.00
CFHP - Bexar	232.03	151.95	114.96	127.93	811.72	382.81	273.01	3,100.00
Superior - Bexar	232.03	139.69	118.23	125.23	811.72	382.81	273.01	3,100.00
Amerigroup - Dallas	232.03	147.97	124.62	142.77	811.72	392.46	273.01	3,100.00
Molina - Dallas	232.03	128.89	97.46	99.57	811.72	392.46	273.01	3,100.00
Parkland - Dallas	232.03	153.59	124.30	144.84	811.72	392.46	273.01	3,100.00
El Paso First - El Paso	232.03	112.33	101.33	105.72	811.72	444.34	273.01	3,100.00
Superior - El Paso	232.03	120.49	88.67	98.68	811.72	444.34	273.01	3,100.00
Amerigroup - Harris	232.03	127.56	107.32	120.63	811.72	535.53	273.01	3,100.00
CHC - Harris	232.03	176.19	123.30	161.74	811.72	535.53	273.01	3,100.00
Molina - Harris	232.03	136.65	96.43	138.05	811.72	535.53	273.01	3,100.00
TCHP - Harris	232.03	170.41	147.47	226.24	811.72	535.53	273.01	3,100.00
United - Harris	232.03	149.09	107.06	166.38	811.72	535.53	273.01	3,100.00
Amerigroup - Jefferson	232.03	251.15	104.96	160.14	811.72	579.09	273.01	3,100.00
CHC - Jefferson	232.03	171.79	134.01	165.43	811.72	579.09	273.01	3,100.00
Molina - Jefferson	232.03	189.73	102.90	128.95	811.72	579.09	273.01	3,100.00
TCHP - Jefferson	232.03	202.07	155.42	215.94	811.72	579.09	273.01	3,100.00
United - Jefferson	232.03	130.04	112.17	145.91	811.72	579.09	273.01	3,100.00
Firstcare - Lubbock	232.03	134.57	114.90	126.40	811.72	428.97	273.01	3,100.00
Superior - Lubbock	232.03	121.25	106.87	139.58	811.72	428.97	273.01	3,100.00
Christus - Nueces	232.03	172.23	120.23	110.92	811.72	495.05	273.01	3,100.00
Driscoll - Nueces	232.03	188.34	183.72	212.24	811.72	495.05	273.01	3,100.00
Superior - Nueces	232.03	127.66	158.80	144.69	811.72	495.05	273.01	3,100.00
Aetna - Tarrant	232.03	107.46	92.35	123.91	811.72	402.78	273.01	3,100.00
Amerigroup - Tarrant	232.03	116.37	112.30	165.02	811.72	402.78	273.01	3,100.00
Cook - Tarrant	232.03	141.53	130.74	174.32	811.72	402.78	273.01	3,100.00
BCBS - Travis	232.03	166.71	109.94	154.35	811.72	498.17	273.01	3,100.00
Sendero - Travis	232.03	125.98	92.64	111.64	811.72	498.17	273.01	3,100.00
Seton - Travis	232.03	132.33	127.20	178.52	811.72	498.17	273.01	3,100.00
Superior - Travis	232.03	149.70	121.73	161.85	811.72	498.17	273.01	3,100.00
Molina - RSA	232.03	101.15	97.19	124.65	811.72	436.36	273.01	3,100.00
Superior - RSA	232.03	122.61	117.76	147.60	811.72	436.36	273.01	3,100.00

FY2018 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2018 Medical Premium Rates pmpm								
Aetna - Bexar	175.17	114.27	55.53	68.48	301.72	359.49	496.58	3,100.00
Amerigroup - Bexar	175.17	78.21	42.61	52.66	301.72	359.49	496.58	3,100.00
CFHP - Bexar	175.17	119.15	80.68	95.70	301.72	359.49	496.58	3,100.00
Superior - Bexar	175.17	124.42	84.10	97.68	301.72	359.49	496.58	3,100.00
Amerigroup - Dallas	175.17	127.62	80.61	95.70	301.72	382.74	496.58	3,100.00
Molina - Dallas	175.17	122.10	60.59	75.16	301.72	382.74	496.58	3,100.00
Parkland - Dallas	175.17	132.60	75.78	95.29	301.72	382.74	496.58	3,100.00
El Paso First - El Paso	175.17	98.12	68.32	77.95	301.72	314.54	496.58	3,100.00
Superior - El Paso	175.17	98.48	62.63	76.63	301.72	314.54	496.58	3,100.00
Amerigroup - Harris	175.17	111.92	83.92	90.03	301.72	508.09	496.58	3,100.00
CHC - Harris	175.17	143.77	95.01	119.66	301.72	508.09	496.58	3,100.00
Molina - Harris	175.17	115.32	83.02	64.14	301.72	508.09	496.58	3,100.00
TCHP - Harris	175.17	156.15	113.23	148.68	301.72	508.09	496.58	3,100.00
United - Harris	175.17	107.18	81.27	125.19	301.72	508.09	496.58	3,100.00
Amerigroup - Jefferson	175.17	99.96	68.47	149.20	301.72	541.96	496.58	3,100.00
CHC - Jefferson	175.17	131.98	66.17	110.86	301.72	541.96	496.58	3,100.00
Molina - Jefferson	175.17	57.73	120.43	82.07	301.72	541.96	496.58	3,100.00
TCHP - Jefferson	175.17	169.24	90.57	150.10	301.72	541.96	496.58	3,100.00
United - Jefferson	175.17	120.35	84.51	107.11	301.72	541.96	496.58	3,100.00
Firstcare - Lubbock	175.17	113.36	76.58	89.09	301.72	360.78	496.58	3,100.00
Superior - Lubbock	175.17	101.10	68.02	85.32	301.72	360.78	496.58	3,100.00
Christus - Nueces	175.17	138.24	88.65	117.28	301.72	466.66	496.58	3,100.00
Driscoll - Nueces	175.17	165.61	140.70	166.69	301.72	466.66	496.58	3,100.00
Superior - Nueces	175.17	138.50	102.01	102.00	301.72	466.66	496.58	3,100.00
Aetna - Tarrant	175.17	108.62	69.59	85.72	301.72	356.26	496.58	3,100.00
Amerigroup - Tarrant	175.17	122.22	79.64	104.42	301.72	356.26	496.58	3,100.00
Cook - Tarrant	175.17	140.72	89.57	102.76	301.72	356.26	496.58	3,100.00
BCBS - Travis	175.17	155.67	71.28	132.19	301.72	530.31	496.58	3,100.00
Sendero - Travis	175.17	114.67	59.34	117.56	301.72	530.31	496.58	3,100.00
Seton - Travis	175.17	133.18	96.30	150.06	301.72	530.31	496.58	3,100.00
Superior - Travis	175.17	152.58	76.47	138.95	301.72	530.31	496.58	3,100.00
Molina - RSA	175.17	89.29	60.96	79.19	301.72	380.00	496.58	3,100.00
Superior - RSA	175.17	100.46	67.78	103.61	301.72	380.00	496.58	3,100.00

FY2018 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2018 Prescription Drug Premium Rates pmpm								
Aetna - Bexar	9.01	15.91	29.47	29.57	7.60	51.54	91.72	
Amerigroup - Bexar	9.01	8.97	41.93	13.76	7.60	51.54	91.72	
CFHP - Bexar	9.01	15.61	30.85	31.38	7.60	51.54	91.72	
Superior - Bexar	9.01	16.30	32.16	32.04	7.60	51.54	91.72	
Amerigroup - Dallas	9.01	16.46	30.81	33.88	7.60	26.93	91.72	
Molina - Dallas	9.01	15.74	23.16	26.60	7.60	26.93	91.72	
Parkland - Dallas	9.01	17.10	28.97	33.73	7.60	26.93	91.72	
El Paso First - El Paso	9.01	15.30	27.37	25.44	7.60	68.05	91.72	
Superior - El Paso	9.01	15.36	25.09	25.01	7.60	68.05	91.72	
Amerigroup - Harris	9.01	15.77	38.19	50.89	7.60	75.55	91.72	
CHC - Harris	9.01	14.91	27.22	30.66	7.60	75.55	91.72	
Molina - Harris	9.01	11.96	23.78	16.44	7.60	75.55	91.72	
TCHP - Harris	9.01	16.20	32.44	38.10	7.60	75.55	91.72	
United - Harris	9.01	14.63	27.42	46.53	7.60	75.55	91.72	
Amerigroup - Jefferson	9.01	13.71	36.43	54.48	7.60	84.29	91.72	
CHC - Jefferson	9.01	19.03	34.86	58.55	7.60	84.29	91.72	
Molina - Jefferson	9.01	17.86	29.99	50.02	7.60	84.29	91.72	
TCHP - Jefferson	9.01	23.22	48.18	54.81	7.60	84.29	91.72	
United - Jefferson	9.01	18.68	61.20	34.77	7.60	84.29	91.72	
Firstcare - Lubbock	9.01	15.31	33.83	34.12	7.60	69.38	91.72	
Superior - Lubbock	9.01	13.65	30.05	32.68	7.60	69.38	91.72	
Christus - Nueces	9.01	14.52	26.27	24.71	7.60	93.68	91.72	
Driscoll - Nueces	9.01	17.39	41.70	35.12	7.60	93.68	91.72	
Superior - Nueces	9.01	29.80	43.59	45.69	7.60	93.68	91.72	
Aetna - Tarrant	9.01	11.27	24.36	31.54	7.60	87.34	91.72	
Amerigroup - Tarrant	9.01	12.68	27.87	38.42	7.60	87.34	91.72	
Cook - Tarrant	9.01	14.60	31.35	37.81	7.60	87.34	91.72	
BCBS - Travis	9.01	16.95	26.53	26.71	7.60	36.66	91.72	
Sendero - Travis	9.01	12.48	22.09	23.75	7.60	36.66	91.72	
Seton - Travis	9.01	14.50	35.85	30.32	7.60	36.66	91.72	
Superior - Travis	9.01	16.61	28.46	28.08	7.60	36.66	91.72	
Molina - RSA	9.01	16.02	31.32	34.17	7.60	67.01	91.72	
Superior - RSA	9.01	18.03	34.82	44.70	7.60	67.01	91.72	

FY2018 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2018 Total Premium Rates pmpm								
Aetna - Bexar	184.18	130.18	85.00	98.05	309.32	411.03	588.30	3,100.00
Amerigroup - Bexar	184.18	87.18	84.54	66.42	309.32	411.03	588.30	3,100.00
CFHP - Bexar	184.18	134.76	111.53	127.08	309.32	411.03	588.30	3,100.00
Superior - Bexar	184.18	140.72	116.26	129.72	309.32	411.03	588.30	3,100.00
Amerigroup - Dallas	184.18	144.08	111.42	129.58	309.32	409.67	588.30	3,100.00
Molina - Dallas	184.18	137.84	83.75	101.76	309.32	409.67	588.30	3,100.00
Parkland - Dallas	184.18	149.70	104.75	129.02	309.32	409.67	588.30	3,100.00
El Paso First - El Paso	184.18	113.42	95.69	103.39	309.32	382.59	588.30	3,100.00
Superior - El Paso	184.18	113.84	87.72	101.64	309.32	382.59	588.30	3,100.00
Amerigroup - Harris	184.18	127.69	122.11	140.92	309.32	583.64	588.30	3,100.00
CHC - Harris	184.18	158.68	122.23	150.32	309.32	583.64	588.30	3,100.00
Molina - Harris	184.18	127.28	106.80	80.58	309.32	583.64	588.30	3,100.00
TCHP - Harris	184.18	172.35	145.67	186.78	309.32	583.64	588.30	3,100.00
United - Harris	184.18	121.81	108.69	171.72	309.32	583.64	588.30	3,100.00
Amerigroup - Jefferson	184.18	113.67	104.90	203.68	309.32	626.25	588.30	3,100.00
CHC - Jefferson	184.18	151.01	101.03	169.41	309.32	626.25	588.30	3,100.00
Molina - Jefferson	184.18	75.59	150.42	132.09	309.32	626.25	588.30	3,100.00
TCHP - Jefferson	184.18	192.46	138.75	204.91	309.32	626.25	588.30	3,100.00
United - Jefferson	184.18	139.03	145.71	141.88	309.32	626.25	588.30	3,100.00
Firstcare - Lubbock	184.18	128.67	110.41	123.21	309.32	430.16	588.30	3,100.00
Superior - Lubbock	184.18	114.75	98.07	118.00	309.32	430.16	588.30	3,100.00
Christus - Nueces	184.18	152.76	114.92	141.99	309.32	560.34	588.30	3,100.00
Driscoll - Nueces	184.18	183.00	182.40	201.81	309.32	560.34	588.30	3,100.00
Superior - Nueces	184.18	168.30	145.60	147.69	309.32	560.34	588.30	3,100.00
Aetna - Tarrant	184.18	119.89	93.95	117.26	309.32	443.60	588.30	3,100.00
Amerigroup - Tarrant	184.18	134.90	107.51	142.84	309.32	443.60	588.30	3,100.00
Cook - Tarrant	184.18	155.32	120.92	140.57	309.32	443.60	588.30	3,100.00
BCBS - Travis	184.18	172.62	97.81	158.90	309.32	566.97	588.30	3,100.00
Sendero - Travis	184.18	127.15	81.43	141.31	309.32	566.97	588.30	3,100.00
Seton - Travis	184.18	147.68	132.15	180.38	309.32	566.97	588.30	3,100.00
Superior - Travis	184.18	169.19	104.93	167.03	309.32	566.97	588.30	3,100.00
Molina - RSA	184.18	105.31	92.28	113.36	309.32	447.01	588.30	3,100.00
Superior - RSA	184.18	118.49	102.60	148.31	309.32	447.01	588.30	3,100.00

FY2018 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2018 Medical Premium Rate Change								
Aetna - Bexar	-17.7%	11.1%	-25.9%	-10.0%	-62.1%	4.2%	114.0%	0.0%
Amerigroup - Bexar	-17.7%	-14.1%	-19.2%	-25.9%	-62.1%	4.2%	114.0%	0.0%
CFHP - Bexar	-17.7%	-8.0%	2.7%	4.6%	-62.1%	4.2%	114.0%	0.0%
Superior - Bexar	-17.7%	4.4%	6.0%	11.3%	-62.1%	4.2%	114.0%	0.0%
Amerigroup - Dallas	-17.7%	-0.5%	-7.4%	4.9%	-62.1%	3.3%	114.0%	0.0%
Molina - Dallas	-17.7%	9.1%	-10.9%	16.9%	-62.1%	3.3%	114.0%	0.0%
Parkland - Dallas	-17.7%	-0.6%	-12.6%	1.9%	-62.1%	3.3%	114.0%	0.0%
El Paso First - El Paso	-17.7%	3.1%	-2.3%	-2.4%	-62.1%	-10.1%	114.0%	0.0%
Superior - El Paso	-17.7%	-3.6%	2.4%	2.7%	-62.1%	-10.1%	114.0%	0.0%
Amerigroup - Harris	-17.7%	0.6%	7.0%	8.2%	-62.1%	6.5%	114.0%	0.0%
CHC - Harris	-17.7%	-7.9%	2.5%	-2.1%	-62.1%	6.5%	114.0%	0.0%
Molina - Harris	-17.7%	-5.2%	22.4%	-39.8%	-62.1%	6.5%	114.0%	0.0%
TCHP - Harris	-17.7%	3.5%	2.1%	-13.1%	-62.1%	6.5%	114.0%	0.0%
United - Harris	-17.7%	-20.0%	4.9%	0.3%	-62.1%	6.5%	114.0%	0.0%
Amerigroup - Jefferson	-17.7%	-53.3%	5.8%	32.4%	-62.1%	1.4%	114.0%	0.0%
CHC - Jefferson	-17.7%	-6.5%	-23.9%	-5.6%	-62.1%	1.4%	114.0%	0.0%
Molina - Jefferson	-17.7%	-56.6%	140.1%	-18.7%	-62.1%	1.4%	114.0%	0.0%
TCHP - Jefferson	-17.7%	-1.8%	-5.5%	-1.2%	-62.1%	1.4%	114.0%	0.0%
United - Jefferson	-17.7%	8.5%	22.2%	4.3%	-62.1%	1.4%	114.0%	0.0%
Firstcare - Lubbock	-17.7%	-1.2%	-1.0%	2.4%	-62.1%	-4.2%	114.0%	0.0%
Superior - Lubbock	-17.7%	-1.7%	-2.2%	-11.8%	-62.1%	-4.2%	114.0%	0.0%
Christus - Nueces	-17.7%	-7.4%	6.2%	41.1%	-62.1%	8.3%	114.0%	0.0%
Driscoll - Nueces	-17.7%	5.4%	5.3%	-3.8%	-62.1%	8.3%	114.0%	0.0%
Superior - Nueces	-17.7%	34.1%	-9.3%	-9.8%	-62.1%	8.3%	114.0%	0.0%
Aetna - Tarrant	-17.7%	17.9%	3.5%	-5.4%	-62.1%	2.0%	114.0%	0.0%
Amerigroup - Tarrant	-17.7%	21.3%	-2.5%	-19.0%	-62.1%	2.0%	114.0%	0.0%
Cook - Tarrant	-17.7%	14.8%	-5.8%	-24.6%	-62.1%	2.0%	114.0%	0.0%
BCBS - Travis	-17.7%	5.6%	-11.8%	11.9%	-62.1%	13.9%	114.0%	0.0%
Sendero - Travis	-17.7%	3.0%	-12.9%	37.6%	-62.1%	13.9%	114.0%	0.0%
Seton - Travis	-17.7%	15.3%	4.3%	7.1%	-62.1%	13.9%	114.0%	0.0%
Superior - Travis	-17.7%	15.3%	-14.5%	12.2%	-62.1%	13.9%	114.0%	0.0%
Molina - RSA	-17.7%	20.7%	3.4%	-6.2%	-62.1%	2.1%	114.0%	0.0%
Superior - RSA	-17.7%	10.6%	-4.4%	4.8%	-62.1%	2.1%	114.0%	0.0%

FY2018 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2018 Prescription Drug Premium Rate Change								
Aetna - Bexar	-53.1%	-15.0%	-23.8%	-0.4%	-53.3%	35.9%	123.7%	
Amerigroup - Bexar	-53.1%	-43.2%	71.5%	-51.4%	-53.3%	35.9%	123.7%	
CFHP - Bexar	-53.1%	-30.5%	-15.3%	-13.9%	-53.3%	35.9%	123.7%	
Superior - Bexar	-53.1%	-20.4%	-17.2%	-14.5%	-53.3%	35.9%	123.7%	
Amerigroup - Dallas	-53.1%	-16.3%	-18.1%	-34.3%	-53.3%	22.4%	123.7%	
Molina - Dallas	-53.1%	-7.1%	-21.4%	-24.6%	-53.3%	22.4%	123.7%	
Parkland - Dallas	-53.1%	-15.3%	-22.9%	-34.3%	-53.3%	22.4%	123.7%	
El Paso First - El Paso	-53.1%	-10.7%	-12.9%	-1.5%	-53.3%	-27.9%	123.7%	
Superior - El Paso	-53.1%	-16.4%	-8.8%	3.8%	-53.3%	-27.9%	123.7%	
Amerigroup - Harris	-53.1%	-3.5%	32.2%	35.9%	-53.3%	29.1%	123.7%	
CHC - Harris	-53.1%	-25.9%	-11.0%	-22.3%	-53.3%	29.1%	123.7%	
Molina - Harris	-53.1%	-20.5%	-16.9%	-47.8%	-53.3%	29.1%	123.7%	
TCHP - Harris	-53.1%	-16.8%	-11.3%	-31.0%	-53.3%	29.1%	123.7%	
United - Harris	-53.1%	-3.0%	-7.4%	12.1%	-53.3%	29.1%	123.7%	
Amerigroup - Jefferson	-53.1%	-62.8%	-9.5%	14.8%	-53.3%	89.3%	123.7%	
CHC - Jefferson	-53.1%	-37.9%	-25.9%	22.1%	-53.3%	89.3%	123.7%	
Molina - Jefferson	-53.1%	-68.6%	-43.1%	78.5%	-53.3%	89.3%	123.7%	
TCHP - Jefferson	-53.1%	-21.8%	-19.2%	-14.4%	-53.3%	89.3%	123.7%	
United - Jefferson	-53.1%	-2.2%	42.3%	-19.6%	-53.3%	89.3%	123.7%	
Firstcare - Lubbock	-53.1%	-22.6%	-9.8%	-13.4%	-53.3%	32.5%	123.7%	
Superior - Lubbock	-53.1%	-25.7%	-19.5%	-23.8%	-53.3%	32.5%	123.7%	
Christus - Nueces	-53.1%	-36.5%	-28.6%	-11.2%	-53.3%	46.1%	123.7%	
Driscoll - Nueces	-53.1%	-44.2%	-16.8%	-9.7%	-53.3%	46.1%	123.7%	
Superior - Nueces	-53.1%	22.2%	-6.0%	44.6%	-53.3%	46.1%	123.7%	
Aetna - Tarrant	-53.1%	-26.7%	-3.0%	-5.3%	-53.3%	63.5%	123.7%	
Amerigroup - Tarrant	-53.1%	-18.8%	-9.0%	6.6%	-53.3%	63.5%	123.7%	
Cook - Tarrant	-53.1%	-23.1%	-12.0%	-0.7%	-53.3%	63.5%	123.7%	
BCBS - Travis	-53.1%	-12.3%	-8.9%	-26.2%	-53.3%	12.9%	123.7%	
Sendero - Travis	-53.1%	-14.6%	-10.0%	-9.3%	-53.3%	12.9%	123.7%	
Seton - Travis	-53.1%	-13.6%	2.9%	-21.1%	-53.3%	12.9%	123.7%	
Superior - Travis	-53.1%	-4.3%	-11.8%	-26.0%	-53.3%	12.9%	123.7%	
Molina - RSA	-53.1%	-41.0%	-18.1%	-15.1%	-53.3%	4.4%	123.7%	
Superior - RSA	-53.1%	-43.3%	-25.6%	-8.2%	-53.3%	4.4%	123.7%	

FY2018 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Newborns 198%-202%	Perinate <198%	Perinate 198%-202%	DSP
FY2018 Total Premium Rate Change								
Aetna - Bexar	-20.6%	7.1%	-25.2%	-7.3%	-61.9%	7.4%	115.5%	0.0%
Amerigroup - Bexar	-20.6%	-18.4%	9.6%	-33.2%	-61.9%	7.4%	115.5%	0.0%
CFHP - Bexar	-20.6%	-11.3%	-3.0%	-0.7%	-61.9%	7.4%	115.5%	0.0%
Superior - Bexar	-20.6%	0.7%	-1.7%	3.6%	-61.9%	7.4%	115.5%	0.0%
Amerigroup - Dallas	-20.6%	-2.6%	-10.6%	-9.2%	-61.9%	4.4%	115.5%	0.0%
Molina - Dallas	-20.6%	6.9%	-14.1%	2.2%	-61.9%	4.4%	115.5%	0.0%
Parkland - Dallas	-20.6%	-2.5%	-15.7%	-10.9%	-61.9%	4.4%	115.5%	0.0%
El Paso First - El Paso	-20.6%	1.0%	-5.6%	-2.2%	-61.9%	-13.9%	115.5%	0.0%
Superior - El Paso	-20.6%	-5.5%	-1.1%	3.0%	-61.9%	-13.9%	115.5%	0.0%
Amerigroup - Harris	-20.6%	0.1%	13.8%	16.8%	-61.9%	9.0%	115.5%	0.0%
CHC - Harris	-20.6%	-9.9%	-0.9%	-7.1%	-61.9%	9.0%	115.5%	0.0%
Molina - Harris	-20.6%	-6.9%	10.8%	-41.6%	-61.9%	9.0%	115.5%	0.0%
TCHP - Harris	-20.6%	1.1%	-1.2%	-17.4%	-61.9%	9.0%	115.5%	0.0%
United - Harris	-20.6%	-18.3%	1.5%	3.2%	-61.9%	9.0%	115.5%	0.0%
Amerigroup - Jefferson	-20.6%	-54.7%	-0.1%	27.2%	-61.9%	8.1%	115.5%	0.0%
CHC - Jefferson	-20.6%	-12.1%	-24.6%	2.4%	-61.9%	8.1%	115.5%	0.0%
Molina - Jefferson	-20.6%	-60.2%	46.2%	2.4%	-61.9%	8.1%	115.5%	0.0%
TCHP - Jefferson	-20.6%	-4.8%	-10.7%	-5.1%	-61.9%	8.1%	115.5%	0.0%
United - Jefferson	-20.6%	6.9%	29.9%	-2.8%	-61.9%	8.1%	115.5%	0.0%
Firstcare - Lubbock	-20.6%	-4.4%	-3.9%	-2.5%	-61.9%	0.3%	115.5%	0.0%
Superior - Lubbock	-20.6%	-5.4%	-8.2%	-15.5%	-61.9%	0.3%	115.5%	0.0%
Christus - Nueces	-20.6%	-11.3%	-4.4%	28.0%	-61.9%	13.2%	115.5%	0.0%
Driscoll - Nueces	-20.6%	-2.8%	-0.7%	-4.9%	-61.9%	13.2%	115.5%	0.0%
Superior - Nueces	-20.6%	31.8%	-8.3%	2.1%	-61.9%	13.2%	115.5%	0.0%
Aetna - Tarrant	-20.6%	11.6%	1.7%	-5.4%	-61.9%	10.1%	115.5%	0.0%
Amerigroup - Tarrant	-20.6%	15.9%	-4.3%	-13.4%	-61.9%	10.1%	115.5%	0.0%
Cook - Tarrant	-20.6%	9.7%	-7.5%	-19.4%	-61.9%	10.1%	115.5%	0.0%
BCBS - Travis	-20.6%	3.5%	-11.0%	2.9%	-61.9%	13.8%	115.5%	0.0%
Sendero - Travis	-20.6%	0.9%	-12.1%	26.6%	-61.9%	13.8%	115.5%	0.0%
Seton - Travis	-20.6%	11.6%	3.9%	1.0%	-61.9%	13.8%	115.5%	0.0%
Superior - Travis	-20.6%	13.0%	-13.8%	3.2%	-61.9%	13.8%	115.5%	0.0%
Molina - RSA	-20.6%	4.1%	-5.1%	-9.1%	-61.9%	2.4%	115.5%	0.0%
Superior - RSA	-20.6%	-3.4%	-12.9%	0.5%	-61.9%	2.4%	115.5%	0.0%

FY2018 CHIP Rating Summary

	Projected PMPM		Projected FY2018 Premium		% Rate Change
	<u>FY2017 Rates</u>	<u>FY2018 Rates</u>	<u>FY2017 Rates</u>	<u>FY2018 Rates</u>	
CHIP					
Medical (1)	88.77	87.77	432,884,670	428,035,331	-1.1%
Pharmacy	32.59	27.53	158,531,309	133,896,102	-15.5%
Total	121.36	115.30	591,415,979	561,931,433	-5.0%
CHIP Perinate					
Medical (1)	412.64	432.68	169,068,153	177,277,271	4.9%
Pharmacy	50.26	62.18	20,594,076	25,476,749	23.7%
Total	462.90	494.86	189,662,230	202,754,021	6.9%
CHIP Dental	25.56	24.77	124,686,437	120,849,615	-3.1%

Notes:

(1) Includes Delivery Supplemental Payments.

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 2013 through February 2017. 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 2013 through February 2017.

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 28, 2017, (iii) estimated proportion of that month's incurred claims paid through February 28, 2017 (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 FY2018 cost based on the plan's actual experience. The top of the exhibit shows summary base period (FY2016) enrollment, premium and claims experience. Trend assumptions for FY2017 and FY2018 are used to project the average base period claims cost to FY2018. 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) \$0.50 pmpm.

The rating methodology includes an explicit provision for administrative expenses. The amount allocated for administrative expenses is \$8.00 per member per month (pmpm) for the CHIP non-Perinate program and \$12.50 pmpm for the CHIP Perinate program plus 5.75% of gross premium. Provisions are also included for risk margin (1.50% of gross premium), premium tax (1.75%) and maintenance tax (\$.058 pmpm).

At the bottom of Exhibit D is a summary of the projected FY2018 cost based on the above assumptions.

Month	Number of Members				Total Members	Premium	Premium pmpm
	<1	1-5	6-14	15-18			
Sep-13	124	5,188	15,901	5,132	26,345	1,912,339	72.59
Oct-13	114	4,896	15,278	4,918	25,206	1,827,852	72.52
Nov-13	104	4,410	14,441	4,721	23,676	1,719,029	72.61
Dec-13	98	4,151	13,842	4,541	22,632	1,643,508	72.62
Jan-14	84	3,945	13,248	4,363	21,640	1,569,212	72.51
Feb-14	80	3,778	12,940	4,286	21,084	1,529,380	72.54
Mar-14	85	3,602	12,610	4,236	20,533	1,493,965	72.76
Apr-14	72	3,458	12,326	4,107	19,963	1,448,064	72.54
May-14	68	3,360	12,063	4,013	19,504	1,413,847	72.49
Jun-14	57	3,315	11,940	3,987	19,299	1,396,455	72.36
Jul-14	54	3,298	11,968	4,010	19,330	1,398,322	72.34
Aug-14	48	3,276	11,957	4,033	19,314	1,396,413	72.30
Sep-14	52	3,228	11,979	4,045	19,304	1,497,835	77.59
Oct-14	44	3,134	11,888	3,989	19,055	1,473,875	77.35
Nov-14	45	3,062	11,636	3,994	18,737	1,453,300	77.56
Dec-14	46	3,004	11,658	3,966	18,674	1,446,630	77.47
Jan-15	43	2,927	11,618	3,986	18,574	1,438,250	77.43
Feb-15	42	2,904	11,562	3,948	18,456	1,428,000	77.37
Mar-15	45	2,878	11,497	3,941	18,361	1,422,305	77.46
Apr-15	45	2,910	11,557	3,950	18,463	1,430,030	77.46
May-15	45	2,927	11,645	3,985	18,603	1,440,864	77.45
Jun-15	46	2,950	11,747	4,021	18,764	1,453,372	77.46
Jul-15	46	2,982	11,862	4,058	18,949	1,467,683	77.45
Aug-15	47	3,013	11,992	4,103	19,155	1,483,648	77.45
Sep-15	46	3,002	11,971	4,090	19,109	1,449,030	75.83
Oct-15	45	2,991	11,950	4,077	19,063	1,444,963	75.80
Nov-15	44	2,980	11,929	4,064	19,017	1,440,896	75.77
Dec-15	43	2,969	11,908	4,051	18,971	1,436,829	75.74
Jan-16	42	2,958	11,887	4,038	18,925	1,432,762	75.71
Feb-16	41	2,947	11,866	4,025	18,879	1,428,695	75.67
Mar-16	40	2,936	11,845	4,012	18,833	1,424,628	75.64
Apr-16	44	2,964	11,847	4,040	18,895	1,431,973	75.79
May-16	44	2,994	11,965	4,080	19,083	1,446,064	75.78
Jun-16	43	3,024	12,085	4,121	19,273	1,459,960	75.75
Jul-16	43	3,039	12,145	4,142	19,369	1,467,176	75.75
Aug-16	47	3,059	12,226	4,170	19,502	1,478,560	75.82
Sep-16	47	3,065	12,252	4,179	19,543	1,561,595	79.91
Oct-16	47	3,068	12,264	4,183	19,562	1,563,110	79.91
Nov-16	47	3,075	12,292	4,193	19,607	1,566,706	79.91
Dec-16	45	3,078	12,304	4,197	19,624	1,567,980	79.90
Jan-17	48	3,081	12,316	4,201	19,646	1,569,858	79.91
Feb-17	46	3,084	12,328	4,205	19,663	1,571,132	79.90
FY2014	988	46,677	158,514	52,347	258,526	18,748,386	72.52
FY2015	547	35,920	140,641	47,987	225,095	17,435,792	77.46
FY2016	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-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Ages 6-14															
Sep-13	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-13		86,099	328,120	197,976	18,651	12,689	-1,201	-254	838	990	146	7,384	0	0	1,735
Nov-13			17,351	367,907	68,405	39,292	5,651	3,370	7,579	1,947	657	-57	0	-43	32
Dec-13				79,890	251,389	123,262	19,456	6,304	2,806	2,392	107	-157	-1,160	66	-30
Jan-14					17,198	383,437	95,120	15,460	4,917	5,241	94	3	849	301	371
Feb-14						58,788	330,673	63,094	25,904	8,509	2,334	-1,095	466	0	0
Mar-14							37,050	375,045	87,951	25,614	3,633	1,463	902	-2,288	956
Apr-14								49,356	358,033	79,963	16,664	7,310	348	3,833	720
May-14									50,126	340,480	109,840	31,914	7,497	6,509	1,813
Jun-14										43,481	290,289	255,510	13,292	7,486	1,683
Jul-14											20,983	305,586	130,515	70,186	4,511
Aug-14												32,812	371,147	109,441	16,108
Sep-14													50,488	529,966	240,552
Oct-14														6,091	398,876
Nov-14															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-13	15,901	558,351	1.000	558,351	35.11		5,132	197,614	1.000	197,614	38.51	
Oct-13	15,278	654,945	1.000	654,945	42.87		4,918	219,280	1.000	219,280	44.59	
Nov-13	14,441	512,126	1.000	512,126	35.46		4,721	145,363	1.000	145,363	30.79	
Dec-13	13,842	481,758	1.000	481,758	34.80		4,541	173,388	1.000	173,388	38.18	
Jan-14	13,248	524,336	1.000	524,336	39.58		4,363	152,657	1.000	152,657	34.99	
Feb-14	12,940	488,266	1.000	488,266	37.73		4,286	162,354	1.000	162,354	37.88	
Mar-14	12,610	530,040	1.000	530,040	42.03		4,236	194,139	1.000	194,139	45.83	
Apr-14	12,326	517,116	1.000	517,116	41.95		4,107	157,314	1.000	157,314	38.30	
May-14	12,063	546,601	1.000	546,601	45.31		4,013	124,140	1.000	124,140	30.93	
Jun-14	11,940	626,076	1.000	626,076	52.44		3,987	109,522	1.000	109,522	27.47	
Jul-14	11,968	543,697	1.000	543,697	45.43		4,010	164,529	1.000	164,529	41.03	
Aug-14	11,957	545,204	1.000	545,204	45.60		4,033	148,171	1.000	148,171	36.74	
Sep-14	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-14	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-14	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-14	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-15	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-15	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-15	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-15	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-15	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-15	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-15	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-15	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-15	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-15	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-15	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-15	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-16	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-16	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-16	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-16	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-16	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-16	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-16	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-16	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-16	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-16	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

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
Nov-16	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-16	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-17	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-17	12,328	37,308	0.758	49,220	3.99	0.091	4,205	117,532	0.650	180,819	43.00	1.041
FY2014	158,514			6,528,516	41.19		52,347			1,948,470	37.22	
FY2015	140,641			8,824,296	62.74	1.523	47,987			1,689,551	35.21	0.946
FY2016	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: FY2018 (9/1/2017 - 8/31/2018)

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2015 - 8/31/2016										
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 FY2018 Member Months	335		27,561		119,625		44,598		192,119	
Projected FY2018 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										
FY2017	3.0 %		3.0 %		3.0 %		3.0 %			
FY2018	4.0 %		4.0 %		4.0 %		4.0 %			
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	32,611	97.34	1,821,035	66.07	6,616,041	55.31	2,038,392	45.71	10,508,077	54.70
Capitation Expenses										
Vision		1.00		1.00		1.00		1.00		
Behavioral Health		2.50		2.50		2.50		2.50		
Other		0.50		0.50		0.50		0.50		
Total	1,340	4.00	110,244	4.00	478,500	4.00	178,392	4.00	768,476	4.00
Reinsurance Expenses										
Gross Premium		1.25		1.25		1.25		1.25		
Projected Reinsurance Recoveries		0.75		0.75		0.75		0.75		
Net Reinsurance Cost	168	0.50	13,781	0.50	59,813	0.50	22,299	0.50	96,060	0.50

Sample Health Plan
 Experienced Based Renewal Rating
 Projection Period: FY2018 (9/1/2017 - 8/31/2018)

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Administrative Expenses										
Fixed Amount	2,680	8.00	220,488	8.00	957,000	8.00	356,784	8.00	1,536,952	8.00
Percentage of Premium	5.75 %	6.94	5.75 %	4.97	5.75 %	4.29	5.75 %	3.68	5.75 %	4.25
Risk Margin	1.50 %	1.81	1.50 %	1.30	1.50 %	1.12	1.50 %	0.96	1.50 %	1.11
Premium Tax	1.75 %	2.11	1.75 %	1.51	1.75 %	1.31	1.75 %	1.12	1.75 %	1.29
Maintenance Tax	19	0.058	1,585	0.058	6,878	0.058	2,564	0.058	11,047	0.058
Projected Total Cost	40,459	120.77	2,381,464	86.41	8,921,134	74.58	2,855,419	64.03	14,198,475	73.90
Experience Rate Increase		0.0%		1.3%		-0.5%		-28.8%		-7.6%

Attachment 3

Community Experience Analysis - Medical

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 FY2018 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2018 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 FY2018 CHIP medical community premium rates for the following service areas:

- Exhibit A.1 – Bexar Area
- Exhibit B.1 – Dallas Area
- Exhibit C.1 – El Paso Area
- Exhibit D.1 – Harris Area
- Exhibit E.1 – Jefferson Area
- Exhibit F.1 – Lubbock Area
- Exhibit G.1 – Nueces Area
- Exhibit H.1 – Rural Service Area (RSA)
- Exhibit I.1 – Tarrant Area
- Exhibit J.1 – Travis Area
- Exhibit K.1 – Statewide

These exhibits show projected FY2018 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 (FY2016) enrollment, premium and claims experience. Trend assumptions for FY2017 and FY2018 are used to project the average base period claims cost to FY2018. 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) \$0.50 pmpm.

The rating methodology includes an explicit provision for administrative expenses. The amount allocated for administrative expenses is \$8.00 per member per month (pmpm) for the CHIP non-Perinate program and \$12.50 pmpm for the CHIP Perinate program plus 5.75% of gross premium. Provisions are also included for risk margin (1.50% of gross premium), premium tax (1.75%) and maintenance tax (\$.058 pmpm).

At the bottom of the exhibit is a summary of the projected FY2018 cost based on these assumptions. Cost projections are presented both with and without the inclusion of maternity expenses.

Community Experience Analysis – Pharmacy

The following exhibits present a summary of the pharmacy experience analysis performed for each CHIP service area for pharmacy services. As with medical, HHSC utilizes a community rating methodology in setting the pharmacy capitation rates. The base community rates by risk group vary by service area but are the same for each health plan in a service area.

Below is a brief description of the exhibits contained in this attachment. The exhibits present the derivation of the FY2018 CHIP pharmacy community capitation rates for the following service areas:

- Exhibit A.2 – Bexar Area
- Exhibit B.2 – Dallas Area
- Exhibit C.2 – El Paso Area
- Exhibit D.2 – Harris Area
- Exhibit E.2 – Jefferson Area
- Exhibit F.2 – Lubbock Area
- Exhibit G.2 – Nueces Area
- Exhibit H.2 – Rural Service Area (RSA)
- Exhibit I.2 – Tarrant Area
- Exhibit J.2 – Travis Area
- Exhibit K.2 – Statewide

These exhibits present projected FY2018 experience for each service areas and risk group. These amounts were derived by summing amounts from each individual health plan in the service area. The experience analysis for individual health plans is described in Attachment 2. The top portion of the exhibit shows summary base period (CY2016) experience and projected FY2018 enrollment and incurred claims experience.

A provision for administrative expenses is included in the amount of \$1.80 pmpm. Additional provisions are also included for premium tax (1.75% of premium) and risk margin (1.50% of premium).

The bottom of the exhibit shows a summary of the projected FY2018 cost based on these assumptions.

	<1		1-5		6-14		15-18	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	65		76,968		197,256		73,629	
Estimated Incurred Claims								
Professional	25,638	394.43	3,616,980	46.99	4,899,304	24.84	1,792,287	24.34
Emergency Room	1,722	26.50	654,859	8.51	1,272,183	6.45	635,506	8.63
Outpatient Facility	2,784	42.83	1,012,031	13.15	2,011,788	10.20	930,777	12.64
Inpatient Facility	2,949	45.37	1,080,795	14.04	1,653,672	8.38	896,648	12.18
Others	15,578	239.65	1,178,727	15.31	2,359,805	11.96	1,050,022	14.26
Total	48,671	748.78	7,543,391	98.01	12,196,751	61.83	5,305,239	72.05
Projected FY2018 Member Months	37		86,652		214,908		78,336	
Projected FY2018 Premiums								
Current Rates	7,875	212.83	10,540,423	121.64	16,688,587	77.65	6,912,474	88.24
Current DSP Rates	0	0.00	0	0.00	0	0.00	0	0.00
Annual Trend Assumptions								
FY2017	3.0 %		3.0 %		3.0 %		3.0 %	
FY2018	4.0 %		4.0 %		4.0 %		4.0 %	
Provider Reimbursement Change	0.9701		0.9628		0.9852		0.9903	
Other Reimbursement Change	1.0000		1.0000		0.9988		0.9985	
Inpatient Reimbursement Change	1.0000		1.0011		1.0007		1.0010	
Projected Incurred Claims	28,788	778.05	8,767,748	101.18	14,015,639	65.22	5,984,197	76.39
Capitation & Other Expenses/Refunds								
Total	2	0.05	45,281	0.52	189,850	0.88	73,218	0.93
Reinsurance Expenses								
Net Reinsurance Cost	5	0.13	13,241	0.15	35,110	0.16	12,957	0.17
Administrative Expenses								
Fixed Amount	296	8.00	693,216	8.00	1,719,264	8.00	626,688	8.00
Percentage of Premium	5.75 %	49.68	5.75 %	6.95	5.75 %	4.70	5.75 %	5.41
Risk Margin	1.50 %	12.96	1.50 %	1.81	1.50 %	1.23	1.50 %	1.41
Premium Tax	1.75 %	15.12	1.75 %	2.11	1.75 %	1.43	1.75 %	1.65
Maintenance Tax	2	0.058	4,982	0.058	12,357	0.058	4,504	0.058
Projected Total Cost	31,970	864.06	10,466,450	120.79	17,551,891	81.67	7,364,357	94.01
Adjusted Total Cost	31,970	864.06	10,466,450	120.79	17,551,891	81.67	7,364,357	94.01

Experience Rate Increase

306.0 %

-0.7 %

5.2 %

6.5 %

	Newborn 198%+		Perinate <198%		Perinate 198%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	110		18,227		351		366,606	
Estimated Incurred Claims								
Professional	5,112	46.47	3,819,768	209.57	56,543	161.09	14,215,631	38.78
Emergency Room	0	0.00	2,605	0.14	0	0.00	2,566,874	7.00
Outpatient Facility	158	1.44	677,368	37.16	7,776	22.15	4,642,683	12.66
Inpatient Facility	8,372	76.10	258,692	14.19	36,651	104.42	3,937,777	10.74
Others	116	1.05	419,713	23.03	2,995	8.53	5,026,954	13.71
Total	13,757	125.07	5,178,146	284.09	103,965	296.20	30,389,919	82.90
Projected FY2018 Member Months	73		18,168		324		398,498	
Projected FY2018 Premiums								
Current Rates	58,066	795.43	6,265,780	344.88	75,168	232.00	40,548,373	101.75
Current DSP Rates	0	0.00	0	0.00	83,086	256.44	83,086	0.21
Annual Trend Assumptions								
FY2017	3.4 %		3.4 %		3.4 %			
FY2018	4.2 %		4.2 %		4.2 %			
Provider Reimbursement Change	0.9991		1.0290		1.0118			
Other Reimbursement Change	1.0000		0.9998		1.0000			
Inpatient Reimbursement Change	1.0056		0.9999		1.0036			
Projected Incurred Claims	9,885	135.41	5,721,502	314.92	105,012	324.11	34,632,771	86.91
Capitation & Other Expenses/Refunds								
Total	24	0.33	-7,807	-0.43	-233	-0.72	300,336	0.75
Reinsurance Expenses								
Net Reinsurance Cost	2	0.03	1,535	0.08	19	0.06	62,870	0.16
Administrative Expenses								
Fixed Amount	913	12.50	227,100	12.50	4,050	12.50	3,271,527	8.21
Percentage of Premium	5.75 %	9.37	5.75 %	20.67	5.75 %	21.23	5.75 %	6.07
Risk Margin	1.50 %	2.44	1.50 %	5.39	1.50 %	5.54	1.50 %	1.58
Premium Tax	1.75 %	2.85	1.75 %	6.29	1.75 %	6.46	1.75 %	1.85
Maintenance Tax	4	0.058	1,045	0.058	19	0.058	22,914	0.058
Projected Total Cost	11,899	163.00	6,531,181	359.49	119,634	369.24	42,077,381	105.59
Adjusted Total Cost	11,899	163.00	6,531,181	359.49	36,548	112.80	41,994,295	105.38

Experience Rate Increase

-79.5 %

4.2 %

-51.4 %

3.6 %

	<1		1-5		6-14		15-18	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	138		153,487		398,745		130,601	
Estimated Incurred Claims								
Professional	6,051	43.84	6,990,778	45.55	8,530,683	21.39	2,642,339	20.23
Emergency Room	1,239	8.98	2,537,466	16.53	4,215,831	10.57	1,483,336	11.36
Outpatient Facility	204	1.48	2,804,481	18.27	4,139,393	10.38	1,774,360	13.59
Inpatient Facility	147	1.06	2,009,306	13.09	2,681,627	6.73	1,475,003	11.29
Others	136	0.98	1,773,438	11.55	3,702,404	9.29	2,258,979	17.30
Total	7,776	56.35	16,115,468	105.00	23,269,938	58.36	9,634,017	73.77
Projected FY2018 Member Months	108		172,404		435,804		146,184	
Projected FY2018 Premiums								
Current Rates	22,986	212.83	22,338,633	129.57	37,524,519	86.10	13,271,654	90.79
Current DSP Rates	0	0.00	0	0.00	0	0.00	0	0.00
Annual Trend Assumptions								
FY2017	3.0 %		3.0 %		3.0 %		3.0 %	
FY2018	4.0 %		4.0 %		4.0 %		4.0 %	
Provider Reimbursement Change	0.9995		0.9716		0.9857		0.9869	
Other Reimbursement Change	1.0000		0.9981		0.9969		0.9981	
Inpatient Reimbursement Change	0.9996		0.9936		0.9943		0.9856	
Projected Incurred Claims	6,513	60.30	18,681,462	108.36	26,615,455	61.07	11,214,235	76.71
Capitation & Other Expenses/Refunds								
Total	114	1.05	222,670	1.29	747,312	1.71	184,976	1.27
Reinsurance Expenses								
Net Reinsurance Cost	4	0.04	4,001	0.02	9,959	0.02	3,500	0.02
Administrative Expenses								
Fixed Amount	864	8.00	1,379,232	8.00	3,486,432	8.00	1,169,472	8.00
Percentage of Premium	5.75 %	4.39	5.75 %	7.44	5.75 %	4.48	5.75 %	5.44
Risk Margin	1.50 %	1.14	1.50 %	1.94	1.50 %	1.17	1.50 %	1.42
Premium Tax	1.75 %	1.34	1.75 %	2.26	1.75 %	1.36	1.75 %	1.65
Maintenance Tax	6	0.058	9,913	0.058	25,059	0.058	8,406	0.058
Projected Total Cost	8,243	76.32	22,304,701	129.37	33,938,699	77.88	13,824,822	94.57
Adjusted Total Cost	8,243	76.32	22,304,701	129.37	33,938,699	77.88	13,824,822	94.57

Experience Rate Increase

-64.1 %

-0.2 %

-9.6 %

4.2 %

	Newborn 198%+		Perinate <198%		Perinate 198%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	102		77,988		495		761,556	
Estimated Incurred Claims								
Professional	10,652	104.44	11,581,503	148.50	155,435	314.01	29,917,441	39.28
Emergency Room	382	3.75	54,559	0.70	6	0.01	8,292,819	10.89
Outpatient Facility	3,571	35.01	10,500,847	134.65	86,641	175.03	19,309,497	25.36
Inpatient Facility	1,583	15.52	66,353	0.85	56,827	114.80	6,290,846	8.26
Others	0	0.00	4,419,091	56.66	22,733	45.92	12,176,780	15.99
Total	16,189	158.71	26,622,353	341.36	321,641	649.78	75,987,382	99.78
Projected FY2018 Member Months	156		76,440		744		831,840	
Projected FY2018 Premiums								
Current Rates	124,087	795.43	28,317,198	370.45	172,608	232.00	101,771,685	122.35
Current DSP Rates	0	0.00	0	0.00	169,866	228.32	169,866	0.20
Annual Trend Assumptions								
FY2017	3.4 %		3.4 %		3.4 %			
FY2018	4.2 %		4.2 %		4.2 %			
Provider Reimbursement Change	1.0048		1.0659		1.0435			
Other Reimbursement Change	1.0000		1.0000		1.0000			
Inpatient Reimbursement Change	1.0002		0.8555		0.9143			
Projected Incurred Claims	26,814	171.88	25,640,010	335.43	497,045	668.07	82,681,533	99.40
Capitation & Other Expenses/Refunds								
Total	87	0.56	20,766	0.27	98	0.13	1,176,022	1.41
Reinsurance Expenses								
Net Reinsurance Cost	8	0.05	2,851	0.04	29	0.04	20,352	0.02
Administrative Expenses								
Fixed Amount	1,950	12.50	955,500	12.50	9,300	12.50	7,002,750	8.42
Percentage of Premium	5.75 %	11.69	5.75 %	22.01	5.75 %	43.02	5.75 %	6.91
Risk Margin	1.50 %	3.05	1.50 %	5.74	1.50 %	11.22	1.50 %	1.80
Premium Tax	1.75 %	3.56	1.75 %	6.70	1.75 %	13.09	1.75 %	2.10
Maintenance Tax	9	0.058	4,395	0.058	43	0.058	47,831	0.058
Projected Total Cost	31,722	203.35	29,256,618	382.74	556,610	748.13	99,921,415	120.12
Adjusted Total Cost	31,722	203.35	29,256,618	382.74	386,743	519.82	99,751,548	119.92

Experience Rate Increase

-74.4 %

3.3 %

124.1 %

-2.0 %

	<1		1-5		6-14		15-18	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	30		32,312		93,428		40,862	
Estimated Incurred Claims								
Professional	1,938	64.59	1,348,213	41.72	2,813,873	30.12	1,287,954	31.52
Emergency Room	222	7.41	140,613	4.35	307,713	3.29	167,025	4.09
Outpatient Facility	0	0.00	455,992	14.11	718,871	7.69	411,986	10.08
Inpatient Facility	1,714	57.14	411,419	12.73	327,877	3.51	337,382	8.26
Others	0	0.00	71,683	2.22	271,673	2.91	138,549	3.39
Total	3,874	129.14	2,427,921	75.14	4,440,007	47.52	2,342,895	57.34
Projected FY2018 Member Months	24		35,064		97,968		41,544	
Projected FY2018 Premiums								
Current Rates	5,108	212.83	3,408,989	97.22	6,596,644	67.33	3,252,844	78.30
Current DSP Rates	0	0.00	0	0.00	0	0.00	0	0.00
Annual Trend Assumptions								
FY2017	3.0 %		3.0 %		3.0 %		3.0 %	
FY2018	4.0 %		4.0 %		4.0 %		4.0 %	
Provider Reimbursement Change	0.9955		0.9803		0.9853		0.9830	
Other Reimbursement Change	1.0000		0.9993		0.9981		0.9952	
Inpatient Reimbursement Change	0.9934		0.9994		1.0002		0.9988	
Projected Incurred Claims	3,283	136.80	2,762,904	78.80	4,905,234	50.07	2,493,007	60.01
Capitation & Other Expenses/Refunds								
Total	38	1.60	75,925	2.17	211,798	2.16	89,000	2.14
Reinsurance Expenses								
Net Reinsurance Cost	6	0.27	12,812	0.37	35,742	0.36	15,020	0.36
Administrative Expenses								
Fixed Amount	192	8.00	280,512	8.00	783,744	8.00	332,352	8.00
Percentage of Premium	5.75 %	9.27	5.75 %	5.65	5.75 %	3.83	5.75 %	4.46
Risk Margin	1.50 %	2.42	1.50 %	1.47	1.50 %	1.00	1.50 %	1.16
Premium Tax	1.75 %	2.82	1.75 %	1.72	1.75 %	1.17	1.75 %	1.36
Maintenance Tax	1	0.058	2,016	0.058	5,633	0.058	2,389	0.058
Projected Total Cost	3,870	161.23	3,444,143	98.22	6,529,836	66.65	3,221,723	77.55
Adjusted Total Cost	3,870	161.23	3,444,143	98.22	6,529,836	66.65	3,221,723	77.55

Experience Rate Increase

-24.2 %

1.0 %

-1.0 %

-1.0 %

	Newborn 198%+		Perinate <198%		Perinate 198%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	40		9,753		127		176,552	
Estimated Incurred Claims								
Professional	6,742	168.56	2,068,789	212.12	27,673	217.90	7,555,183	42.79
Emergency Room	79	1.98	0	0.00	0	0.00	615,652	3.49
Outpatient Facility	260	6.51	250,193	25.65	2,503	19.71	1,839,805	10.42
Inpatient Facility	23,201	580.02	0	0.00	27,489	216.45	1,129,082	6.40
Others	47	1.19	67,078	6.88	770	6.06	549,800	3.11
Total	30,330	758.25	2,386,060	244.65	58,435	460.11	11,689,522	66.21
Projected FY2018 Member Months	72		8,472		144		183,288	
Projected FY2018 Premiums								
Current Rates	57,271	795.43	2,964,692	349.94	33,408	232.00	16,318,956	89.03
Current DSP Rates	0	0.00	0	0.00	37,721	261.95	37,721	0.21
Annual Trend Assumptions								
FY2017	3.4 %		3.4 %		3.4 %			
FY2018	4.2 %		4.2 %		4.2 %			
Provider Reimbursement Change	1.0005		1.0383		1.0136			
Other Reimbursement Change	1.0000		0.9985		0.9993			
Inpatient Reimbursement Change	1.0040		1.0000		0.9958			
Projected Incurred Claims	59,096	820.77	2,315,575	273.32	72,015	500.10	12,611,114	68.80
Capitation & Other Expenses/Refunds								
Total	1	0.02	310	0.04	4	0.03	377,076	2.06
Reinsurance Expenses								
Net Reinsurance Cost	30	0.42	2,652	0.31	50	0.35	66,313	0.36
Administrative Expenses								
Fixed Amount	900	12.50	105,900	12.50	1,800	12.50	1,505,400	8.21
Percentage of Premium	5.75 %	52.68	5.75 %	18.09	5.75 %	32.42	5.75 %	5.02
Risk Margin	1.50 %	13.74	1.50 %	4.72	1.50 %	8.46	1.50 %	1.31
Premium Tax	1.75 %	16.03	1.75 %	5.50	1.75 %	9.87	1.75 %	1.53
Maintenance Tax	4	0.058	487	0.058	8	0.058	10,539	0.058
Projected Total Cost	65,968	916.23	2,664,751	314.54	81,184	563.78	16,011,475	87.36
Adjusted Total Cost	65,968	916.23	2,664,751	314.54	43,463	301.83	15,973,754	87.15

Experience Rate Increase

15.2 %

-10.1 %

30.1 %

-2.1 %

	<1		1-5		6-14		15-18	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	246		252,033		643,408		222,729	
Estimated Incurred Claims								
Professional	21,422	87.08	11,599,083	46.02	17,179,910	26.70	6,384,732	28.67
Emergency Room	2,788	11.33	3,772,744	14.97	7,125,040	11.07	4,355,861	19.56
Outpatient Facility	7,683	31.23	6,665,553	26.45	14,752,594	22.93	7,038,427	31.60
Inpatient Facility	900	3.66	5,175,097	20.53	9,621,257	14.95	4,994,391	22.42
Others	162	0.66	2,696,541	10.70	4,171,870	6.48	1,894,275	8.50
Total	32,955	133.96	29,909,018	118.67	52,850,671	82.14	24,667,686	110.75
Projected FY2018 Member Months	194		276,000		687,084		240,420	
Projected FY2018 Premiums								
Current Rates	41,289	212.83	40,764,879	147.70	68,718,237	100.01	34,551,594	143.71
Current DSP Rates	0	0.00	0	0.00	0	0.00	0	0.00
Annual Trend Assumptions								
FY2017	3.0 %		3.0 %		3.0 %		3.0 %	
FY2018	4.0 %		4.0 %		4.0 %		4.0 %	
Provider Reimbursement Change	0.9935		0.9794		0.9851		0.9837	
Other Reimbursement Change	1.0000		0.9999		0.9999		0.9996	
Inpatient Reimbursement Change	1.0000		0.9834		0.9746		0.9790	
Projected Incurred Claims	27,657	142.56	33,787,741	122.42	58,030,517	84.46	27,455,189	114.20
Capitation & Other Expenses/Refunds								
Total	494	2.55	748,907	2.71	1,786,266	2.60	584,041	2.43
Reinsurance Expenses								
Net Reinsurance Cost	48	0.25	56,995	0.21	134,209	0.20	44,634	0.19
Administrative Expenses								
Fixed Amount	1,552	8.00	2,208,000	8.00	5,496,672	8.00	1,923,360	8.00
Percentage of Premium	5.75 %	9.69	5.75 %	8.43	5.75 %	6.02	5.75 %	7.89
Risk Margin	1.50 %	2.53	1.50 %	2.20	1.50 %	1.57	1.50 %	2.06
Premium Tax	1.75 %	2.95	1.75 %	2.57	1.75 %	1.83	1.75 %	2.40
Maintenance Tax	11	0.058	15,870	0.058	39,507	0.058	13,824	0.058
Projected Total Cost	32,705	168.58	40,458,804	146.59	71,963,925	104.74	32,990,163	137.22
Adjusted Total Cost	32,705	168.58	40,458,804	146.59	71,963,925	104.74	32,990,163	137.22

Experience Rate Increase

-20.8 %

-0.8 %

4.7 %

-4.5 %

	Newborn 198%+		Perinate <198%		Perinate 198%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	356		139,236		1,219		1,259,227	
Estimated Incurred Claims								
Professional	22,294	62.62	39,834,520	286.09	457,231	375.09	75,499,192	59.96
Emergency Room	4,347	12.21	495,237	3.56	9,045	7.42	15,765,062	12.52
Outpatient Facility	1,448	4.07	11,157,130	80.13	138,918	113.96	39,761,752	31.58
Inpatient Facility	46,381	130.28	430,010	3.09	400,688	328.70	20,668,724	16.41
Others	568	1.60	4,540,799	32.61	48,063	39.43	13,352,278	10.60
Total	75,038	210.78	56,457,696	405.48	1,053,944	864.60	165,047,009	131.07
Projected FY2018 Member Months	312		131,796		1,380		1,337,186	
Projected FY2018 Premiums								
Current Rates	248,174	795.43	62,865,374	476.99	320,160	232.00	207,509,707	155.18
Current DSP Rates	0	0.00	0	0.00	251,137	181.98	251,137	0.19
Annual Trend Assumptions								
FY2017	3.4 %		3.4 %		3.4 %			
FY2018	4.2 %		4.2 %		4.2 %			
Provider Reimbursement Change	0.9993		1.0282		1.0169			
Other Reimbursement Change	1.0000		0.9998		1.0000			
Inpatient Reimbursement Change	0.9927		0.9982		0.9963			
Projected Incurred Claims	70,301	225.32	59,093,220	448.37	1,302,570	943.89	179,767,194	134.44
Capitation & Other Expenses/Refunds								
Total	100	0.32	183,068	1.39	4,041	2.93	3,306,917	2.47
Reinsurance Expenses								
Net Reinsurance Cost	56	0.18	6,500	0.05	66	0.05	242,509	0.18
Administrative Expenses								
Fixed Amount	3,900	12.50	1,647,450	12.50	17,250	12.50	11,298,184	8.45
Percentage of Premium	5.75 %	15.06	5.75 %	29.22	5.75 %	60.62	5.75 %	9.20
Risk Margin	1.50 %	3.93	1.50 %	7.62	1.50 %	15.81	1.50 %	2.40
Premium Tax	1.75 %	4.58	1.75 %	8.89	1.75 %	18.45	1.75 %	2.80
Maintenance Tax	18	0.058	7,578	0.058	79	0.058	76,888	0.058
Projected Total Cost	81,731	261.96	66,964,633	508.09	1,454,952	1,054.31	213,946,915	160.00
Adjusted Total Cost	81,731	261.96	66,964,633	508.09	1,203,815	872.33	213,695,777	159.81

Experience Rate Increase

-67.1 %

6.5 %

276.0 %

3.0 %

	<1		1-5		6-14		15-18	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	26		21,224		51,363		17,078	
Estimated Incurred Claims								
Professional	802	30.86	1,023,713	48.23	1,400,158	27.26	531,790	31.14
Emergency Room	52	2.01	278,079	13.10	392,863	7.65	223,310	13.08
Outpatient Facility	10	0.39	455,620	21.47	756,110	14.72	426,010	24.94
Inpatient Facility	160	6.14	475,333	22.40	530,845	10.34	460,666	26.97
Others	0	0.00	165,759	7.81	286,076	5.57	155,211	9.09
Total	1,024	39.40	2,398,505	113.01	3,366,052	65.53	1,796,987	105.22
Projected FY2018 Member Months	16		22,068		53,544		18,288	
Projected FY2018 Premiums								
Current Rates	3,405	212.83	3,328,359	150.82	4,509,229	84.22	2,314,309	126.55
Current DSP Rates	0	0.00	0	0.00	0	0.00	0	0.00
Annual Trend Assumptions								
FY2017	3.0 %		3.0 %		3.0 %		3.0 %	
FY2018	4.0 %		4.0 %		4.0 %		4.0 %	
Provider Reimbursement Change	1.0209		0.9855		0.9865		0.9901	
Other Reimbursement Change	1.0000		0.9997		0.9994		0.9997	
Inpatient Reimbursement Change	1.0000		0.9870		0.9903		0.9902	
Projected Incurred Claims	689	43.08	2,597,609	117.71	3,669,810	68.54	2,020,235	110.47
Capitation & Other Expenses/Refunds								
Total	22	1.37	48,832	2.21	105,404	1.97	38,560	2.11
Reinsurance Expenses								
Net Reinsurance Cost	1	0.05	3,948	0.18	8,761	0.16	2,689	0.15
Administrative Expenses								
Fixed Amount	128	8.00	176,544	8.00	428,352	8.00	146,304	8.00
Percentage of Premium	5.75 %	3.32	5.75 %	8.10	5.75 %	4.97	5.75 %	7.63
Risk Margin	1.50 %	0.87	1.50 %	2.11	1.50 %	1.30	1.50 %	1.99
Premium Tax	1.75 %	1.01	1.75 %	2.46	1.75 %	1.51	1.75 %	2.32
Maintenance Tax	1	0.058	1,269	0.058	3,079	0.058	1,052	0.058
Projected Total Cost	924	57.76	3,107,915	140.83	4,632,315	86.51	2,427,297	132.73
Adjusted Total Cost	924	57.76	3,107,915	140.83	4,632,315	86.51	2,427,297	132.73

Experience Rate Increase

-72.9 %

-6.6 %

2.7 %

4.9 %

	Newborn 198%+		Perinate <198%		Perinate 198%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	21		5,586		121		95,419	
Estimated Incurred Claims								
Professional	5,340	254.31	1,172,660	209.93	22,844	188.80	4,157,308	43.57
Emergency Room	3,204	152.55	15,514	2.78	28	0.24	913,050	9.57
Outpatient Facility	1,165	55.46	885,615	158.54	10,113	83.58	2,534,643	26.56
Inpatient Facility	25,302	1,204.88	23,363	4.18	12,840	106.12	1,528,509	16.02
Others	0	0.00	288,879	51.71	2,106	17.40	898,031	9.41
Total	35,011	1,667.20	2,386,031	427.14	47,932	396.13	10,031,541	105.13
Projected FY2018 Member Months	5		5,232		132		99,285	
Projected FY2018 Premiums								
Current Rates	3,977	795.43	2,796,818	534.56	30,624	232.00	12,986,721	130.80
Current DSP Rates	0	0.00	0	0.00	28,756	217.85	28,756	0.29
Annual Trend Assumptions								
FY2017	3.4 %		3.4 %		3.4 %			
FY2018	4.2 %		4.2 %		4.2 %			
Provider Reimbursement Change	1.0000		1.0363		1.0164			
Other Reimbursement Change	1.0000		1.0000		1.0000			
Inpatient Reimbursement Change	1.0003		0.9984		1.0010			
Projected Incurred Claims	8,986	1,797.12	2,491,643	476.23	57,329	434.31	10,846,302	109.24
Capitation & Other Expenses/Refunds								
Total	15	2.91	22,698	4.34	413	3.13	215,944	2.17
Reinsurance Expenses								
Net Reinsurance Cost	1	0.16	283	0.05	5	0.04	15,688	0.16
Administrative Expenses								
Fixed Amount	63	12.50	65,400	12.50	1,650	12.50	818,441	8.24
Percentage of Premium	5.75 %	114.54	5.75 %	31.16	5.75 %	28.44	5.75 %	7.57
Risk Margin	1.50 %	29.88	1.50 %	8.13	1.50 %	7.42	1.50 %	1.98
Premium Tax	1.75 %	34.86	1.75 %	9.48	1.75 %	8.65	1.75 %	2.31
Maintenance Tax	0	0.058	301	0.058	8	0.058	5,709	0.058
Projected Total Cost	9,960	1,992.02	2,835,522	541.96	65,279	494.54	13,079,212	131.73
Adjusted Total Cost	9,960	1,992.02	2,835,522	541.96	36,523	276.69	13,050,456	131.44

Experience Rate Increase

150.4 %

1.4 %

19.3 %

0.5 %

	<1		1-5		6-14		15-18	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	17		24,240		58,135		19,563	
Estimated Incurred Claims								
Professional	1,123	66.07	893,066	36.84	1,457,963	25.08	509,193	26.03
Emergency Room	0	0.00	89,167	3.68	164,232	2.83	77,755	3.97
Outpatient Facility	1,026	60.34	592,136	24.43	585,682	10.07	340,522	17.41
Inpatient Facility	0	0.00	195,638	8.07	623,893	10.73	285,683	14.60
Others	0	0.00	346,579	14.30	313,643	5.40	90,275	4.61
Total	2,149	126.41	2,116,586	87.32	3,145,413	54.11	1,303,428	66.63
Projected FY2018 Member Months	48		26,520		64,728		20,988	
Projected FY2018 Premiums								
Current Rates	10,216	212.83	2,912,415	109.82	4,765,456	73.62	1,922,214	91.59
Current DSP Rates	0	0.00	0	0.00	0	0.00	0	0.00
Annual Trend Assumptions								
FY2017	3.0 %		3.0 %		3.0 %		3.0 %	
FY2018	4.0 %		4.0 %		4.0 %		4.0 %	
Provider Reimbursement Change	1.0000		0.9575		0.9844		0.9894	
Other Reimbursement Change	1.0000		0.9998		0.9999		0.9994	
Inpatient Reimbursement Change	1.0000		0.9997		0.9996		0.9991	
Projected Incurred Claims	6,499	135.40	2,373,767	89.51	3,690,848	57.02	1,479,730	70.50
Capitation & Other Expenses/Refunds								
Total	28	0.59	16,701	0.63	38,852	0.60	12,651	0.60
Reinsurance Expenses								
Net Reinsurance Cost	13	0.27	8,171	0.31	18,111	0.28	5,923	0.28
Administrative Expenses								
Fixed Amount	384	8.00	212,160	8.00	517,824	8.00	167,904	8.00
Percentage of Premium	5.75 %	9.12	5.75 %	6.22	5.75 %	4.17	5.75 %	5.02
Risk Margin	1.50 %	2.38	1.50 %	1.62	1.50 %	1.09	1.50 %	1.31
Premium Tax	1.75 %	2.78	1.75 %	1.89	1.75 %	1.27	1.75 %	1.53
Maintenance Tax	3	0.058	1,525	0.058	3,722	0.058	1,207	0.058
Projected Total Cost	7,612	158.59	2,870,685	108.25	4,691,601	72.48	1,832,324	87.30
Adjusted Total Cost	7,612	158.59	2,870,685	108.25	4,691,601	72.48	1,832,324	87.30

Experience Rate Increase

-25.5 %

-1.4 %

-1.5 %

-4.7 %

	Newborn 198%+		Perinate <198%		Perinate 198%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	25		5,050		56		107,086	
Estimated Incurred Claims								
Professional	1,458	58.34	987,937	195.63	10,185	181.88	3,860,926	36.05
Emergency Room	14	0.57	16,212	3.21	490	8.75	347,871	3.25
Outpatient Facility	63	2.53	370,252	73.32	5,492	98.07	1,895,172	17.70
Inpatient Facility	331	13.22	5,556	1.10	4,626	82.60	1,115,725	10.42
Others	0	0.00	52,303	10.36	264	4.72	803,065	7.50
Total	1,866	74.66	1,432,260	283.62	21,057	376.01	8,022,759	74.92
Projected FY2018 Member Months	2		4,332		96		116,714	
Projected FY2018 Premiums								
Current Rates	1,591	795.43	1,631,431	376.60	22,272	232.00	11,265,594	96.52
Current DSP Rates	0	0.00	0	0.00	16,286	169.65	16,286	0.14
Annual Trend Assumptions								
FY2017	3.4 %		3.4 %		3.4 %			
FY2018	4.2 %		4.2 %		4.2 %			
Provider Reimbursement Change	1.0000		1.0314		1.0285			
Other Reimbursement Change	1.0000		0.9997		1.0000			
Inpatient Reimbursement Change	0.9984		0.9999		0.9974			
Projected Incurred Claims	161	80.32	1,364,995	315.10	39,903	415.65	8,955,902	76.73
Capitation & Other Expenses/Refunds								
Total	1	0.48	1,832	0.42	29	0.31	70,094	0.60
Reinsurance Expenses								
Net Reinsurance Cost	1	0.27	1,007	0.23	15	0.16	33,241	0.28
Administrative Expenses								
Fixed Amount	25	12.50	54,150	12.50	1,200	12.50	953,647	8.17
Percentage of Premium	5.75 %	5.92	5.75 %	20.74	5.75 %	27.09	5.75 %	5.42
Risk Margin	1.50 %	1.54	1.50 %	5.41	1.50 %	7.07	1.50 %	1.42
Premium Tax	1.75 %	1.80	1.75 %	6.31	1.75 %	8.24	1.75 %	1.65
Maintenance Tax	0	0.058	249	0.058	6	0.058	6,711	0.058
Projected Total Cost	206	102.89	1,562,893	360.78	45,223	471.07	11,010,543	94.34
Adjusted Total Cost	206	102.89	1,562,893	360.78	28,936	301.42	10,994,257	94.20

Experience Rate Increase

-87.1 %

-4.2 %

29.9 %

-2.4 %

	<1		1-5		6-14		15-18	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	35		21,728		54,622		22,194	
Estimated Incurred Claims								
Professional	1,926	55.02	761,756	35.06	1,295,346	23.71	602,919	27.17
Emergency Room	0	0.00	355,551	16.36	659,388	12.07	408,220	18.39
Outpatient Facility	526	15.02	1,061,323	48.85	1,683,046	30.81	963,962	43.43
Inpatient Facility	0	0.00	191,934	8.83	931,080	17.05	257,456	11.60
Others	0	0.00	94,749	4.36	372,162	6.81	274,245	12.36
Total	2,451	70.03	2,465,312	113.46	4,941,022	90.46	2,506,802	112.95
Projected FY2018 Member Months	14		24,012		59,364		22,920	
Projected FY2018 Premiums								
Current Rates	2,980	212.83	3,579,378	149.07	7,580,011	127.69	3,641,847	158.89
Current DSP Rates	0	0.00	0	0.00	0	0.00	0	0.00
Annual Trend Assumptions								
FY2017	3.0 %		3.0 %		3.0 %		3.0 %	
FY2018	4.0 %		4.0 %		4.0 %		4.0 %	
Provider Reimbursement Change	1.0000		0.9935		0.9866		0.9838	
Other Reimbursement Change	1.0000		0.9999		1.0000		1.0000	
Inpatient Reimbursement Change	0.9668		0.9613		0.9685		0.9631	
Projected Incurred Claims	1,015	72.52	2,786,680	116.05	5,496,159	92.58	2,627,320	114.63
Capitation & Other Expenses/Refunds								
Total	339	24.24	546,119	22.74	1,319,298	22.22	508,289	22.18
Reinsurance Expenses								
Net Reinsurance Cost	3	0.21	4,604	0.19	11,276	0.19	4,397	0.19
Administrative Expenses								
Fixed Amount	112	8.00	192,096	8.00	474,912	8.00	183,360	8.00
Percentage of Premium	5.75 %	6.64	5.75 %	9.29	5.75 %	7.78	5.75 %	9.17
Risk Margin	1.50 %	1.73	1.50 %	2.42	1.50 %	2.03	1.50 %	2.39
Premium Tax	1.75 %	2.02	1.75 %	2.83	1.75 %	2.37	1.75 %	2.79
Maintenance Tax	1	0.058	1,381	0.058	3,413	0.058	1,318	0.058
Projected Total Cost	1,616	115.42	3,880,087	161.59	8,027,537	135.23	3,653,498	159.40
Adjusted Total Cost	1,616	115.42	3,880,087	161.59	8,027,537	135.23	3,653,498	159.40

Experience Rate Increase

-45.8 %

8.4 %

5.9 %

0.3 %

	Newborn 198%+		Perinate <198%		Perinate 198%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	37		2,856		76		101,548	
Estimated Incurred Claims								
Professional	3,469	93.76	711,996	249.30	10,297	135.49	3,387,709	33.36
Emergency Room	495	13.38	10,842	3.80	63	0.83	1,434,559	14.13
Outpatient Facility	0	0.00	27,182	9.52	398	5.23	3,736,436	36.79
Inpatient Facility	587	15.88	16,294	5.71	994	13.08	1,398,345	13.77
Others	0	0.00	207,398	72.62	0	0.00	948,553	9.34
Total	4,552	123.02	973,711	340.94	11,752	154.63	10,905,602	107.39
Projected FY2018 Member Months	38		2,808		25		109,181	
Projected FY2018 Premiums								
Current Rates	30,226	795.43	1,210,051	430.93	5,800	232.00	16,050,294	147.01
Current DSP Rates	0	0.00	0	0.00	4,375	174.99	4,375	0.04
Annual Trend Assumptions								
FY2017	3.4 %		3.4 %		3.4 %			
FY2018	4.2 %		4.2 %		4.2 %			
Provider Reimbursement Change	0.9980		1.0105		1.0114			
Other Reimbursement Change	1.0000		0.9999		1.0000			
Inpatient Reimbursement Change	1.0027		0.9999		1.0028			
Projected Incurred Claims	5,041	132.65	1,042,263	371.18	4,225	169.00	11,962,703	109.57
Capitation & Other Expenses/Refunds								
Total	2,573	67.70	114,375	40.73	861	34.42	2,491,853	22.82
Reinsurance Expenses								
Net Reinsurance Cost	8	0.20	555	0.20	3	0.14	20,847	0.19
Administrative Expenses								
Fixed Amount	475	12.50	35,100	12.50	313	12.50	886,368	8.12
Percentage of Premium	5.75 %	13.47	5.75 %	26.83	5.75 %	13.66	5.75 %	8.89
Risk Margin	1.50 %	3.51	1.50 %	7.00	1.50 %	3.56	1.50 %	2.32
Premium Tax	1.75 %	4.10	1.75 %	8.17	1.75 %	4.16	1.75 %	2.71
Maintenance Tax	2	0.058	161	0.058	1	0.058	6,278	0.058
Projected Total Cost	8,899	234.19	1,310,390	466.66	5,937	237.50	16,887,965	154.68
Adjusted Total Cost	8,899	234.19	1,310,390	466.66	1,563	62.51	16,883,591	154.64

Experience Rate Increase

-70.6 %

8.3 %

-73.1 %

5.2 %

	<1		1-5		6-14		15-18	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	227		215,849		536,920		201,775	
Estimated Incurred Claims								
Professional	10,749	47.35	7,706,310	35.70	13,253,553	24.68	5,501,261	27.26
Emergency Room	650	2.87	1,078,837	5.00	2,217,561	4.13	1,306,196	6.47
Outpatient Facility	796	3.51	2,327,568	10.78	4,073,004	7.59	2,521,323	12.50
Inpatient Facility	0	0.00	1,604,720	7.43	3,814,762	7.10	4,242,100	21.02
Others	633	2.79	4,063,788	18.83	3,206,788	5.97	1,594,953	7.90
Total	12,827	56.51	16,781,223	77.75	26,565,668	49.48	15,165,833	75.16
Projected FY2018 Member Months	204		237,984		575,124		218,736	
Projected FY2018 Premiums								
Current Rates	43,417	212.83	20,572,330	86.44	38,765,305	67.40	20,612,223	94.23
Current DSP Rates	0	0.00	0	0.00	0	0.00	0	0.00
Annual Trend Assumptions								
FY2017	3.0 %		3.0 %		3.0 %		3.0 %	
FY2018	4.0 %		4.0 %		4.0 %		4.0 %	
Provider Reimbursement Change	1.0000		0.9754		0.9873		0.9868	
Other Reimbursement Change	1.0000		1.0000		0.9999		0.9998	
Inpatient Reimbursement Change	1.0000		0.9996		0.9994		0.9995	
Projected Incurred Claims	12,348	60.53	19,322,791	81.19	30,071,648	52.29	17,365,360	79.39
Capitation & Other Expenses/Refunds								
Total	117	0.57	-128,733	-0.54	-319,972	-0.56	-87,281	-0.40
Reinsurance Expenses								
Net Reinsurance Cost	17	0.08	15,714	0.07	39,907	0.07	15,799	0.07
Administrative Expenses								
Fixed Amount	1,632	8.00	1,903,872	8.00	4,600,992	8.00	1,749,888	8.00
Percentage of Premium	5.75 %	4.37	5.75 %	5.61	5.75 %	3.78	5.75 %	5.50
Risk Margin	1.50 %	1.14	1.50 %	1.46	1.50 %	0.99	1.50 %	1.44
Premium Tax	1.75 %	1.33	1.75 %	1.71	1.75 %	1.15	1.75 %	1.68
Maintenance Tax	12	0.058	13,684	0.058	33,070	0.058	12,577	0.058
Projected Total Cost	15,521	76.08	23,216,844	97.56	37,830,379	65.78	20,941,037	95.74
Adjusted Total Cost	15,521	76.08	23,216,844	97.56	37,830,379	65.78	20,941,037	95.74

Experience Rate Increase

-64.3 %

12.9 %

-2.4 %

1.6 %

	Newborn 198%+		Perinate <198%		Perinate 198%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	275		90,842		790		1,046,678	
Estimated Incurred Claims								
Professional	51,947	188.90	23,067,113	253.93	174,623	221.04	49,765,557	47.55
Emergency Room	692	2.52	170,803	1.88	604	0.76	4,775,343	4.56
Outpatient Facility	5,234	19.03	2,845,595	31.32	20,953	26.52	11,794,473	11.27
Inpatient Facility	26,947	97.99	53,342	0.59	87,996	111.39	9,829,867	9.39
Others	650	2.36	1,434,573	15.79	13,424	16.99	10,314,808	9.85
Total	85,471	310.80	27,571,427	303.51	297,599	376.71	86,480,048	82.62
Projected FY2018 Member Months	264		80,076		792		1,113,180	
Projected FY2018 Premiums								
Current Rates	209,994	795.43	29,801,084	372.16	183,744	232.00	110,188,097	98.98
Current DSP Rates	0	0.00	0	0.00	242,124	305.71	242,124	0.22
Annual Trend Assumptions								
FY2017	3.4 %		3.4 %		3.4 %			
FY2018	4.2 %		4.2 %		4.2 %			
Provider Reimbursement Change	0.9910		1.0145		1.0077			
Other Reimbursement Change	1.0000		0.9996		0.9991			
Inpatient Reimbursement Change	1.0020		1.0000		1.0003			
Projected Incurred Claims	87,799	332.57	26,559,018	331.67	323,787	408.82	93,742,751	84.21
Capitation & Other Expenses/Refunds								
Total	112	0.42	119,970	1.50	240	0.30	-415,548	-0.37
Reinsurance Expenses								
Net Reinsurance Cost	14	0.05	5,776	0.07	45	0.06	77,272	0.07
Administrative Expenses								
Fixed Amount	3,300	12.50	1,000,950	12.50	9,900	12.50	9,270,534	8.33
Percentage of Premium	5.75 %	21.84	5.75 %	21.85	5.75 %	26.65	5.75 %	5.83
Risk Margin	1.50 %	5.70	1.50 %	5.70	1.50 %	6.95	1.50 %	1.52
Premium Tax	1.75 %	6.65	1.75 %	6.65	1.75 %	8.11	1.75 %	1.77
Maintenance Tax	15	0.058	4,604	0.058	46	0.058	64,008	0.058
Projected Total Cost	100,263	379.79	30,428,921	380.00	367,052	463.45	112,900,018	101.42
Adjusted Total Cost	100,263	379.79	30,428,921	380.00	124,928	157.74	112,657,894	101.20

Experience Rate Increase

-52.3 %

2.1 %

-32.0 %

2.2 %

	<1		1-5		6-14		15-18	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	155		117,086		280,995		91,340	
Estimated Incurred Claims								
Professional	10,057	64.89	4,263,315	36.41	6,050,395	21.53	1,880,876	20.59
Emergency Room	3,824	24.67	1,404,231	11.99	2,441,316	8.69	935,251	10.24
Outpatient Facility	2,878	18.57	1,637,522	13.99	2,541,097	9.04	1,146,843	12.56
Inpatient Facility	27,763	179.12	2,417,234	20.64	2,638,885	9.39	985,361	10.79
Others	392	2.53	2,392,044	20.43	4,041,275	14.38	2,187,559	23.95
Total	44,914	289.77	12,114,346	103.47	17,712,968	63.04	7,135,891	78.12
Projected FY2018 Member Months	73		130,800		305,952		98,628	
Projected FY2018 Premiums								
Current Rates	15,537	212.83	14,230,252	108.79	26,372,692	86.20	12,531,723	127.06
Current DSP Rates	0	0.00	0	0.00	0	0.00	0	0.00
Annual Trend Assumptions								
FY2017	3.0 %		3.0 %		3.0 %		3.0 %	
FY2018	4.0 %		4.0 %		4.0 %		4.0 %	
Provider Reimbursement Change	0.9982		0.9693		0.9851		0.9919	
Other Reimbursement Change	1.0000		0.9975		0.9984		0.9983	
Inpatient Reimbursement Change	0.9996		0.9995		0.9994		0.9987	
Projected Incurred Claims	22,608	309.70	14,008,647	107.10	20,305,319	66.37	8,161,894	82.75
Capitation & Other Expenses/Refunds								
Total	-81	-1.11	119,892	0.92	272,745	0.89	76,262	0.77
Reinsurance Expenses								
Net Reinsurance Cost	32	0.44	34,323	0.26	82,559	0.27	27,199	0.28
Administrative Expenses								
Fixed Amount	584	8.00	1,046,400	8.00	2,447,616	8.00	789,024	8.00
Percentage of Premium	5.75 %	20.04	5.75 %	7.35	5.75 %	4.78	5.75 %	5.80
Risk Margin	1.50 %	5.23	1.50 %	1.92	1.50 %	1.25	1.50 %	1.51
Premium Tax	1.75 %	6.10	1.75 %	2.24	1.75 %	1.45	1.75 %	1.77
Maintenance Tax	4	0.058	7,521	0.058	17,592	0.058	5,671	0.058
Projected Total Cost	25,436	348.44	16,721,739	127.84	25,413,002	83.06	9,956,100	100.95
Adjusted Total Cost	25,436	348.44	16,721,739	127.84	25,413,002	83.06	9,956,100	100.95

Experience Rate Increase

63.7 %

17.5 %

-3.6 %

-20.6 %

	Newborn 198%+		Perinate <198%		Perinate 198%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	171		38,885		431		529,063	
Estimated Incurred Claims								
Professional	8,044	47.04	4,847,387	124.66	164,554	381.80	17,224,629	32.56
Emergency Room	446	2.61	63,176	1.62	2,321	5.39	4,850,565	9.17
Outpatient Facility	1,430	8.36	1,108,040	28.50	23,441	54.39	6,461,251	12.21
Inpatient Facility	2,443	14.28	1,555	0.04	33,663	78.10	6,106,904	11.54
Others	784	4.58	4,737,609	121.84	28,886	67.02	13,388,550	25.31
Total	13,147	76.88	10,757,767	276.66	252,865	586.69	48,031,899	90.79
Projected FY2018 Member Months	156		38,532		504		574,645	
Projected FY2018 Premiums								
Current Rates	124,087	795.43	13,461,540	349.36	116,928	232.00	66,852,759	116.34
Current DSP Rates	0	0.00	0	0.00	117,786	233.70	117,786	0.20
Annual Trend Assumptions								
FY2017	3.4 %		3.4 %		3.4 %			
FY2018	4.2 %		4.2 %		4.2 %			
Provider Reimbursement Change	0.9992		1.0436		1.0219			
Other Reimbursement Change	1.0000		0.9999		1.0000			
Inpatient Reimbursement Change	0.9959		1.0000		0.9970			
Projected Incurred Claims	12,861	82.44	11,987,014	311.09	324,642	644.13	54,822,986	95.40
Capitation & Other Expenses/Refunds								
Total	95	0.61	9,929	0.26	97	0.19	478,939	0.83
Reinsurance Expenses								
Net Reinsurance Cost	50	0.32	11,150	0.29	179	0.35	155,492	0.27
Administrative Expenses								
Fixed Amount	1,950	12.50	481,650	12.50	6,300	12.50	4,773,524	8.31
Percentage of Premium	5.75 %	6.06	5.75 %	20.48	5.75 %	41.53	5.75 %	6.63
Risk Margin	1.50 %	1.58	1.50 %	5.34	1.50 %	10.83	1.50 %	1.73
Premium Tax	1.75 %	1.84	1.75 %	6.23	1.75 %	12.64	1.75 %	2.02
Maintenance Tax	9	0.058	2,216	0.058	29	0.058	33,042	0.058
Projected Total Cost	16,445	105.42	13,727,427	356.26	364,007	722.24	66,224,157	115.24
Adjusted Total Cost	16,445	105.42	13,727,427	356.26	246,221	488.53	66,106,371	115.04

Experience Rate Increase

-86.7 %

2.0 %

110.6 %

-1.1 %

	<1		1-5		6-14		15-18	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	80		67,549		157,016		50,923	
Estimated Incurred Claims								
Professional	5,259	65.74	3,068,184	45.42	4,282,018	27.27	1,447,220	28.42
Emergency Room	2,974	37.18	511,719	7.58	856,618	5.46	440,839	8.66
Outpatient Facility	985	12.31	1,596,789	23.64	1,397,242	8.90	663,642	13.03
Inpatient Facility	0	0.00	1,631,389	24.15	1,506,545	9.59	2,459,393	48.30
Others	0	0.00	968,627	14.34	1,091,711	6.95	497,655	9.77
Total	9,219	115.23	7,776,707	115.13	9,134,135	58.17	5,508,750	108.18
Projected FY2018 Member Months	73		74,712		170,556		53,628	
Projected FY2018 Premiums								
Current Rates	15,537	212.83	9,714,132	130.02	14,831,612	86.96	6,735,474	125.60
Current DSP Rates	0	0.00	0	0.00	0	0.00	0	0.00
Annual Trend Assumptions								
FY2017	3.0 %		3.0 %		3.0 %		3.0 %	
FY2018	4.0 %		4.0 %		4.0 %		4.0 %	
Provider Reimbursement Change	0.9771		0.9754		0.9889		0.9940	
Other Reimbursement Change	1.0000		1.0000		0.9965		0.9991	
Inpatient Reimbursement Change	1.0000		1.0041		1.0041		1.0079	
Projected Incurred Claims	8,804	120.60	9,023,322	120.77	10,515,664	61.66	6,219,895	115.98
Capitation & Other Expenses/Refunds								
Total	300	4.10	222,217	2.97	485,811	2.85	159,401	2.97
Reinsurance Expenses								
Net Reinsurance Cost	13	0.18	14,342	0.19	33,708	0.20	11,210	0.21
Administrative Expenses								
Fixed Amount	584	8.00	597,696	8.00	1,364,448	8.00	429,024	8.00
Percentage of Premium	5.75 %	8.40	5.75 %	8.34	5.75 %	4.60	5.75 %	8.04
Risk Margin	1.50 %	2.19	1.50 %	2.18	1.50 %	1.20	1.50 %	2.10
Premium Tax	1.75 %	2.56	1.75 %	2.54	1.75 %	1.40	1.75 %	2.45
Maintenance Tax	4	0.058	4,296	0.058	9,807	0.058	3,084	0.058
Projected Total Cost	10,665	146.09	10,837,223	145.05	13,636,744	79.95	7,497,377	139.80
Adjusted Total Cost	10,665	146.09	10,837,223	145.05	13,636,744	79.95	7,497,377	139.80

Experience Rate Increase

-31.4 %

11.6 %

-8.1 %

11.3 %

	Newborn 198%+		Perinate <198%		Perinate 198%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	108		27,043		278		302,997	
Estimated Incurred Claims								
Professional	19,539	180.92	9,840,105	363.87	73,137	263.08	18,735,462	61.83
Emergency Room	1,869	17.31	112,664	4.17	4,129	14.85	1,930,814	6.37
Outpatient Facility	17	0.16	437,050	16.16	3,956	14.23	4,099,682	13.53
Inpatient Facility	1,184	10.96	753,752	27.87	28,579	102.80	6,380,841	21.06
Others	0	0.00	447,975	16.57	2,300	8.27	3,008,268	9.93
Total	22,609	209.35	11,591,546	428.63	112,101	403.24	34,155,067	112.72
Projected FY2018 Member Months	49		24,816		252		324,086	
Projected FY2018 Premiums								
Current Rates	38,976	795.43	11,557,059	465.71	58,464	232.00	42,951,254	132.53
Current DSP Rates	0	0.00	0	0.00	52,136	206.89	52,136	0.16
Annual Trend Assumptions								
FY2017	3.4 %		3.4 %		3.4 %			
FY2018	4.2 %		4.2 %		4.2 %			
Provider Reimbursement Change	0.9994		1.0160		1.0095			
Other Reimbursement Change	1.0000		0.9999		0.9958			
Inpatient Reimbursement Change	1.0007		1.0000		1.0017			
Projected Incurred Claims	11,055	225.61	11,644,674	469.24	110,265	437.56	37,533,678	115.81
Capitation & Other Expenses/Refunds								
Total	97	1.99	15,087	0.61	149	0.59	883,061	2.72
Reinsurance Expenses								
Net Reinsurance Cost	7	0.15	4,439	0.18	50	0.20	63,770	0.20
Administrative Expenses								
Fixed Amount	613	12.50	310,200	12.50	3,150	12.50	2,705,715	8.35
Percentage of Premium	5.75 %	15.18	5.75 %	30.49	5.75 %	28.49	5.75 %	8.03
Risk Margin	1.50 %	3.96	1.50 %	7.95	1.50 %	7.43	1.50 %	2.10
Premium Tax	1.75 %	4.62	1.75 %	9.28	1.75 %	8.67	1.75 %	2.45
Maintenance Tax	3	0.058	1,427	0.058	14	0.058	18,635	0.058
Projected Total Cost	12,940	264.08	13,160,249	530.31	124,867	495.50	45,280,064	139.72
Adjusted Total Cost	12,940	264.08	13,160,249	530.31	72,731	288.62	45,227,929	139.56

Experience Rate Increase

-66.8 %

13.9 %

24.4 %

5.3 %

	<1		1-5		6-14		15-18	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	1,019		982,476		2,471,888		870,694	
Estimated Incurred Claims								
Professional	79,103	77.63	41,268,162	42.00	61,109,474	24.72	22,537,465	25.88
Emergency Room	12,184	11.96	10,831,617	11.02	19,661,765	7.95	10,046,459	11.54
Outpatient Facility	17,889	17.56	18,578,201	18.91	32,593,815	13.19	16,197,053	18.60
Inpatient Facility	21,963	21.55	15,179,056	15.45	24,307,274	9.83	16,361,274	18.79
Others	12,695	12.46	13,775,555	14.02	19,877,220	8.04	10,185,812	11.70
Total	143,833	141.15	99,632,591	101.41	157,549,549	63.74	75,328,063	86.51
Projected FY2018 Member Months	791		1,086,216		2,665,032		939,672	
Projected FY2018 Premiums								
Current Rates	168,349	212.83	131,389,791	120.96	226,352,294	84.93	105,746,355	112.54
Current DSP Rates	0	0.00	0	0.00	0	0.00	0	0.00
Annual Trend Assumptions								
FY2017	3.0 %		3.0 %		3.0 %		3.0 %	
FY2018	4.0 %		4.0 %		4.0 %		4.0 %	
Provider Reimbursement Change	0.9890		0.9747		0.9859		0.9870	
Other Reimbursement Change	1.0000		0.9993		0.9989		0.9991	
Inpatient Reimbursement Change	0.9994		0.9930		0.9896		0.9902	
Projected Incurred Claims	118,204	149.44	114,112,671	105.06	177,316,293	66.53	85,021,063	90.48
Capitation & Other Expenses/Refunds								
Total	1,372	1.74	1,917,811	1.77	4,837,364	1.82	1,639,116	1.74
Reinsurance Expenses								
Net Reinsurance Cost	142	0.18	168,151	0.15	409,342	0.15	143,330	0.15
Administrative Expenses								
Fixed Amount	6,328	8.00	8,689,728	8.00	21,320,256	8.00	7,517,376	8.00
Percentage of Premium	5.75 %	10.07	5.75 %	7.27	5.75 %	4.84	5.75 %	6.35
Risk Margin	1.50 %	2.63	1.50 %	1.90	1.50 %	1.26	1.50 %	1.66
Premium Tax	1.75 %	3.07	1.75 %	2.21	1.75 %	1.47	1.75 %	1.93
Maintenance Tax	45	0.058	62,457	0.058	153,239	0.058	54,031	0.058
Projected Total Cost	138,562	175.17	137,308,592	126.41	224,215,928	84.13	103,708,699	110.37
Adjusted Total Cost	138,562	175.17	137,308,592	126.41	224,215,928	84.13	103,708,699	110.37

Experience Rate Increase

-17.7 %

4.5 %

-0.9 %

-1.9 %

	Newborn 198%+		Perinate <198%		Perinate 198%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience - FY2016								
Member Months	1,245		415,466		3,944		4,746,732	
Estimated Incurred Claims								
Professional	135,198	108.59	97,279,847	234.15	1,180,030	299.20	223,589,278	47.10
Emergency Room	8,538	6.86	936,374	2.25	16,343	4.14	41,513,279	8.75
Outpatient Facility	15,381	12.35	28,636,024	68.93	332,260	84.24	96,370,623	20.30
Inpatient Facility	138,835	111.51	1,608,845	3.87	700,076	177.50	58,317,321	12.29
Others	2,208	1.77	17,010,924	40.94	129,540	32.84	60,993,955	12.85
Total	300,159	241.09	145,472,014	350.14	2,358,249	597.93	480,784,457	101.29
Projected FY2018 Member Months	1,127		390,672		4,393		5,087,903	
Projected FY2018 Premiums								
Current Rates	896,450	795.43	160,871,027	411.78	1,019,176	232.00	626,443,441	123.12
Current DSP Rates	0	0.00	0	0.00	1,003,273	228.38	1,003,273	0.20
Annual Trend Assumptions								
FY2017	3.4 %		3.4 %		3.4 %			
FY2018	4.2 %		4.2 %		4.2 %			
Provider Reimbursement Change	0.9975		1.0334		1.0209			
Other Reimbursement Change	1.0000		0.9998		0.9997			
Inpatient Reimbursement Change	0.9997		0.9708		0.9820			
Projected Incurred Claims	291,997	259.09	147,859,914	378.48	2,836,792	645.75	527,556,934	103.69
Capitation & Other Expenses/Refunds								
Total	3,105	2.75	480,227	1.23	5,700	1.30	8,884,694	1.75
Reinsurance Expenses								
Net Reinsurance Cost	177	0.16	36,748	0.09	460	0.10	758,352	0.15
Administrative Expenses								
Fixed Amount	14,088	12.50	4,883,400	12.50	54,913	12.50	42,486,088	8.35
Percentage of Premium	5.75 %	17.35	5.75 %	24.79	5.75 %	41.69	5.75 %	7.20
Risk Margin	1.50 %	4.53	1.50 %	6.47	1.50 %	10.87	1.50 %	1.88
Premium Tax	1.75 %	5.28	1.75 %	7.55	1.75 %	12.69	1.75 %	2.19
Maintenance Tax	65	0.058	22,464	0.058	253	0.058	292,554	0.058
Projected Total Cost	340,034	301.72	168,442,586	431.16	3,184,744	724.96	637,339,145	125.27
Adjusted Total Cost	340,034	301.72	168,442,586	431.16	2,181,472	496.58	636,335,872	125.07

Experience Rate Increase

-62.1 %

4.7 %

114.0 %

1.6 %

Attachment 4

Trend Analysis – Medical

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 CHIP Perinate versus CHIP non-Perinate programs and by projection year (FY2017 and FY2018).

The trend analysis included a review of health plan claims experience data through February 28, 2017. Based on this information, estimates of monthly incurred claims were made through December 2016. 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 experience trends for all time periods were adjusted to remove the impact of various provider reimbursement reductions and revisions that have impacted the program.

The projected trend for the period January 2017 through August 2017 and all of FY2018 was estimated using the following formula:

$$\text{Projected Trend} = \frac{(\text{FY15 actual statewide trend} + \text{FY16 actual statewide trend} + 5.0\%)}{3}$$

The Projected Trend was estimated using a combination of the actual statewide trend and 5.0% to smooth out fluctuation from year to year.

The FY2017 trend assumption was developed from two components: (i) the actual estimated trend for the period September 2016 through December 2016 and (ii) the projected trend for the period January 2017 through August 2017 via the following formula:

$$\text{FY2017 Trend} = \frac{(9/16-12/16 \text{ actual statewide trend}) \times 4 + (\text{Projected Trend}) \times 8}{12}$$

This analysis was used to select an annual trend rate assumption of 3.0% for FY2017 and 4.0% for FY2018 for the CHIP non-Perinate program and 3.4% for FY2017 and 4.2% for FY2018 for the CHIP Perinate program.

Attachment 4 – Exhibit A presents a summary of the derivation of the medical trend assumption.

Trend Analysis – Pharmacy

The rating methodology uses assumed pharmacy trend factors to adjust the base period (CY2016) claims cost to the rating period (FY2018). The trend rate assumptions were developed by the actuary based on an analysis of recent pharmacy claims experience under the CHIP program and the actuary's professional judgment regarding anticipated future cost changes. The trend rate assumption is the same for all risk groups and service areas.

The trend analysis included a review of CHIP utilization and cost experience data paid through

March 31, 2017. Utilization (days supply per member) and cost per service (plan payments per days supply) statistics were developed by risk group and drug type (brand, generic and specialty) through February 2017. From this experience, the average annual utilization and cost per service were determined for each of the five 12-month periods ending February 2017.

Only those drugs covered under the capitated arrangement are included in the trend analysis. Anti-viral agents used for the treatment of Hepatitis C virus and the drug Orkambi are not included in the analysis as those drugs are carved out of the managed care contract. In addition, experience for the drugs Tamiflu and Makena were removed from our trend analysis. Tamiflu was removed due to the significant variation in the intensity of flu season from year to year. Makena was removed due to its one-time distortion of pharmacy trends for pregnant women. A specific cost adjustment for Makena was include elsewhere in the rate development and is described below. Please note that while excluded from the pharmacy trend analysis, the historical claims for Tamiflu and Makena were included in the base period experience used in developing the pharmacy component of the rates.

The CHIP pharmacy trend assumptions for the remainder of FY2017 and all of FY2018 were developed using the following formula. The utilization and cost per service trend assumptions were set equal to one-sixth of the experience trend rate for the 12-month period ending February 2015 plus two-sixths of the experience trend rate for the 12-month period ending February 2016 plus three-sixths of the experience trend rate for the 12-month period ending February 2017. The final cost trend assumptions were then determined by applying the assumed utilization and cost per service trends by individual drug type to actual experience for the 12-month period ending February 2017 and combining the results into a single trend assumption.

Attached Exhibit B includes a summary of the CHIP pharmacy trend analysis and the derivation of the trend assumptions used in the rating analysis.

FY2018 CHIP Rating
Trend Analysis
Medical

	Actual Trends (1)			Selected Trends	
	FY2015	FY2016	9/16-12/16	FY2017 (2)	FY2018 (3)
Traditional CHIP					
<1	-7.1%	-21.8%	105.1%		
1-5	4.0%	3.3%	-6.5%		
6-14	5.0%	-1.2%	7.4%		
15-18	5.8%	-1.5%	-1.9%		
Total	6.7%	0.2%	1.1%	3.0%	4.0%
CHIP Perinate					
Newborn 198%-202%	174.5%	-51.3%	-54.3%		
Perinate <198%	5.2%	2.1%	2.1%		
Perinate 198%-202%	-7.5%	57.2%	-12.0%		
Total	5.3%	2.3%	1.8%	3.4%	4.2%

Notes:

- (1) Actual trends adjusted to remove various reimbursement changes that's impacted the program.
- (2) Trends for FY2017 were selected based on weighted average of i) actual 9/16-12/16 trend and ii) projected FY2018 trend.
- (3) Trends for FY2018 were selected based on simple average of i) FY15 trend, ii) FY16 trend and iii) 5.0%.

FY2018 Prescription Drug Rating Analysis
CHIP Pharmacy Trends

	Age <1	Age 1-5	Age 6-14	Age 15-18	All CHIP Perinatal	Total	Case-Mix Adjusted
Annual Trend in Number of Scripts per Member per Month							
Brand Drugs							
3/2013-2/2014	-15.2 %	-21.4 %	-13.9 %	-11.0 %	1.4 %	-12.5 %	-12.3 %
3/2014-2/2015	16.6 %	-5.3 %	-9.0 %	-11.4 %	7.5 %	-4.2 %	-6.1 %
3/2015-2/2016	36.2 %	-0.3 %	-8.2 %	-7.7 %	14.2 %	-1.5 %	-2.8 %
3/2016-2/2017	-31.5 %	-11.5 %	-15.6 %	-15.0 %	12.9 %	-9.8 %	-8.5 %
Use	-0.9 %	-6.7 %	-12.0 %	-12.0 %	12.5 %	-5.4 %	-4.2 %
Generic Drugs							
3/2013-2/2014	-2.9 %	-1.6 %	1.9 %	2.9 %	-7.1 %	0.8 %	0.4 %
3/2014-2/2015	49.7 %	7.5 %	5.6 %	0.3 %	13.8 %	6.6 %	5.8 %
3/2015-2/2016	5.0 %	-4.4 %	-1.0 %	-0.6 %	4.9 %	0.0 %	-1.3 %
3/2016-2/2017	-26.9 %	-11.7 %	-1.7 %	0.4 %	9.9 %	-2.8 %	-2.8 %
Use	-3.5 %	-6.1 %	-0.3 %	0.0 %	8.9 %	-0.7 %	-0.6 %
Specialty Drugs							
3/2013-2/2014	0.2 %	-0.5 %	-7.7 %	7.6 %	35.1 %	-2.0 %	-1.4 %
3/2014-2/2015	4.0 %	9.2 %	-3.3 %	-3.8 %	17.0 %	-1.5 %	-0.2 %
3/2015-2/2016	61.1 %	8.2 %	4.8 %	5.9 %	21.3 %	6.1 %	7.0 %
3/2016-2/2017	-100.0 %	-7.8 %	3.8 %	5.8 %	10.4 %	2.9 %	3.3 %
Use	-29.0 %	0.4 %	3.0 %	4.3 %	15.2 %	4.0 %	4.3 %
All Drugs							
3/2013-2/2014	-4.5 %	-5.1 %	-3.1 %	-0.7 %	-3.6 %	-3.1 %	-3.2 %
3/2014-2/2015	45.9 %	5.7 %	1.4 %	-2.5 %	11.2 %	3.8 %	2.7 %
3/2015-2/2016	7.9 %	-3.8 %	-2.8 %	-2.1 %	8.7 %	-0.3 %	-1.6 %
3/2016-2/2017	-27.6 %	-11.6 %	-4.9 %	-2.6 %	11.2 %	-4.4 %	-4.1 %
Use	-3.2 %	-6.2 %	-2.7 %	-2.0 %	10.5 %	-1.7 %	-1.3 %
Annual Trend in Days Supply per Member per Month							
Brand Drugs							
3/2013-2/2014	-20.6 %	-23.1 %	-13.6 %	-10.7 %	1.3 %	-12.1 %	-11.8 %
3/2014-2/2015	4.4 %	-5.4 %	-8.4 %	-10.5 %	9.0 %	-2.7 %	-5.1 %
3/2015-2/2016	72.4 %	-2.0 %	-9.0 %	-8.0 %	14.0 %	-1.7 %	-3.1 %
3/2016-2/2017	-32.9 %	-14.9 %	-16.5 %	-15.4 %	12.2 %	-10.4 %	-8.8 %
Use	8.5 %	-9.0 %	-12.6 %	-12.1 %	12.2 %	-5.4 %	-4.0 %
Generic Drugs							
3/2013-2/2014	-4.3 %	6.9 %	12.0 %	9.6 %	-9.8 %	9.2 %	8.6 %
3/2014-2/2015	50.2 %	6.5 %	5.6 %	2.5 %	20.5 %	6.1 %	6.2 %
3/2015-2/2016	18.5 %	-2.1 %	3.6 %	3.0 %	9.8 %	3.1 %	2.7 %
3/2016-2/2017	-30.5 %	-9.8 %	1.8 %	1.9 %	14.2 %	0.4 %	0.4 %
Use	-0.7 %	-4.6 %	3.1 %	2.4 %	13.8 %	2.4 %	2.5 %
Specialty Drugs							
3/2013-2/2014	-31.8 %	-0.3 %	-7.4 %	9.5 %	43.4 %	-1.3 %	-0.6 %
3/2014-2/2015	-46.7 %	12.7 %	-1.3 %	-2.5 %	22.0 %	-0.2 %	1.5 %
3/2015-2/2016	222.3 %	5.5 %	3.0 %	2.7 %	24.1 %	3.7 %	5.2 %
3/2016-2/2017	-100.0 %	-2.0 %	6.5 %	11.8 %	10.4 %	6.7 %	7.2 %
Use	16.3 %	2.9 %	4.0 %	6.4 %	16.9 %	5.6 %	5.9 %

FY2018 Prescription Drug Rating Analysis
CHIP Pharmacy Trends

	Age <1	Age 1-5	Age 6-14	Age 15-18	All CHIP Perinatal	Total	Case-Mix Adjusted
All Drugs							
3/2013-2/2014	-7.0 %	-1.0 %	0.7 %	2.4 %	-3.1 %	0.4 %	0.3 %
3/2014-2/2015	43.6 %	4.1 %	0.3 %	-1.6 %	13.5 %	2.9 %	2.1 %
3/2015-2/2016	24.2 %	-2.1 %	-0.6 %	-0.1 %	12.3 %	1.5 %	0.8 %
3/2016-2/2017	-31.0 %	-10.7 %	-3.8 %	-2.5 %	13.0 %	-3.0 %	-2.5 %
Use	0.6 %	-5.3 %	-1.0 %	-0.7 %	12.9 %	0.1 %	0.7 %

Annual Trend in Incurred Claims per Days Supply

Brand Drugs							
3/2013-2/2014	18.6 %	8.9 %	10.3 %	13.4 %	16.8 %	9.8 %	11.9 %
3/2014-2/2015	5.5 %	9.9 %	12.1 %	10.6 %	17.3 %	5.5 %	12.6 %
3/2015-2/2016	-36.2 %	3.0 %	11.5 %	15.1 %	31.9 %	7.9 %	15.2 %
3/2016-2/2017	61.3 %	1.7 %	5.7 %	6.2 %	16.5 %	4.6 %	7.8 %
Use	19.5 %	3.5 %	8.7 %	9.9 %	21.8 %	8.6 %	11.7 %

Generic Drugs							
3/2013-2/2014	4.9 %	-4.8 %	-6.5 %	6.9 %	11.4 %	-2.3 %	-2.7 %
3/2014-2/2015	-13.3 %	-4.9 %	2.2 %	4.9 %	29.8 %	1.3 %	3.5 %
3/2015-2/2016	5.9 %	-5.5 %	2.2 %	5.6 %	7.8 %	1.1 %	2.2 %
3/2016-2/2017	-37.0 %	-18.4 %	-5.6 %	-8.5 %	-5.3 %	-7.7 %	-7.9 %
Use	-18.7 %	-11.8 %	-1.7 %	-1.6 %	4.9 %	-2.0 %	-2.2 %

Specialty Drugs							
3/2013-2/2014	-98.1 %	144.1 %	28.3 %	14.7 %	-11.9 %	28.0 %	28.9 %
3/2014-2/2015	144.5 %	2.8 %	-1.0 %	6.6 %	-25.9 %	-1.6 %	0.6 %
3/2015-2/2016	-100.0 %	-51.9 %	3.8 %	44.9 %	12.7 %	5.5 %	9.7 %
3/2016-2/2017	-100.0 %	2.8 %	8.2 %	-29.1 %	10.1 %	-5.0 %	-7.0 %
Use	-59.3 %	-15.4 %	5.2 %	1.5 %	5.0 %	2.5 %	2.9 %

All Drugs							
3/2013-2/2014	1.2 %	3.9 %	1.0 %	7.9 %	18.7 %	3.8 %	4.3 %
3/2014-2/2015	-15.7 %	0.9 %	2.6 %	3.9 %	14.6 %	0.0 %	3.9 %
3/2015-2/2016	-4.1 %	-10.3 %	4.4 %	18.3 %	26.5 %	4.7 %	8.1 %
3/2016-2/2017	-1.0 %	-7.0 %	-0.4 %	-10.8 %	11.2 %	-2.0 %	-2.0 %
Use	10.9 %	-5.2 %	1.3 %	1.9 %	17.8 %	3.3 %	3.4 %

Annual Trend in Incurred Claims per Member per Month

Brand Drugs							
3/2013-2/2014	-5.8 %	-16.3 %	-4.7 %	1.2 %	18.4 %	-3.4 %	-3.6 %
3/2014-2/2015	10.1 %	3.9 %	2.7 %	-1.0 %	27.8 %	2.6 %	4.0 %
3/2015-2/2016	10.1 %	0.9 %	1.5 %	5.8 %	50.3 %	6.1 %	6.9 %
3/2016-2/2017	8.3 %	-13.5 %	-11.7 %	-10.2 %	30.7 %	-6.3 %	-6.0 %
Use	29.7 %	-5.8 %	-5.0 %	-3.4 %	36.7 %	2.8 %	3.5 %

Generic Drugs							
3/2013-2/2014	0.4 %	1.8 %	4.8 %	17.2 %	0.4 %	6.6 %	6.1 %
3/2014-2/2015	30.2 %	1.2 %	7.9 %	7.5 %	56.4 %	7.5 %	8.5 %
3/2015-2/2016	25.5 %	-7.5 %	6.0 %	8.8 %	18.3 %	4.2 %	4.6 %
3/2016-2/2017	-56.2 %	-26.4 %	-3.9 %	-6.8 %	8.1 %	-7.3 %	-7.5 %
Use	-19.3 %	-15.9 %	1.3 %	0.8 %	19.4 %	0.4 %	0.5 %

FY2018 Prescription Drug Rating Analysis
CHIP Pharmacy Trends

	Age <1	Age 1-5	Age 6-14	Age 15-18	All CHIP Perinatal	Total	Case-Mix Adjusted
Specialty Drugs							
3/2013-2/2014	-98.7 %	143.2 %	18.8 %	25.6 %	26.3 %	26.3 %	28.8 %
3/2014-2/2015	30.3 %	15.9 %	-2.3 %	3.9 %	-9.5 %	-1.8 %	1.4 %
3/2015-2/2016	-100.0 %	-49.3 %	6.9 %	48.8 %	39.9 %	9.4 %	12.0 %
3/2016-2/2017	-100.0 %	0.7 %	15.3 %	-20.8 %	21.6 %	1.3 %	0.7 %
Use	-52.7 %	-12.9 %	9.4 %	8.0 %	22.7 %	8.2 %	8.1 %
All Drugs							
3/2013-2/2014	-5.9 %	2.8 %	1.7 %	10.4 %	15.0 %	4.3 %	4.4 %
3/2014-2/2015	21.1 %	5.0 %	2.9 %	2.3 %	30.2 %	2.9 %	4.6 %
3/2015-2/2016	19.1 %	-12.1 %	3.7 %	18.2 %	42.1 %	6.2 %	7.3 %
3/2016-2/2017	-31.7 %	-17.0 %	-4.2 %	-13.0 %	25.7 %	-5.0 %	-5.0 %
Use	11.5 %	-10.3 %	0.3 %	1.2 %	33.0 %	3.4 %	3.8 %
Generic Dispensing Rate (Days Supply)							
3/2013-2/2014	85.8 %	79.2 %	61.8 %	68.0 %	38.9 %	63.5 %	61.1 %
3/2014-2/2015	89.7 %	81.0 %	65.0 %	70.8 %	41.3 %	65.4 %	63.9 %
3/2015-2/2016	85.6 %	80.9 %	67.8 %	73.0 %	40.4 %	66.5 %	65.5 %
3/2016-2/2017	86.2 %	81.7 %	71.8 %	76.3 %	40.8 %	68.8 %	68.2 %
FY2018	84.5 %	82.7 %	76.3 %	79.9 %	41.3 %	71.2 %	71.2 %

Attachment 5

Provider Reimbursement and Benefit Revisions Effective During FY2016, FY2017 and FY2018

This attachment presents information regarding rating adjustments for the various provider reimbursement and benefit revisions that became effective (or will become effective) after the base period used in rate setting (FY2016) and before the end of the FY2018 rating period.

All adjustments have been calculated through an analysis of health plan encounter data repriced using the old and new reimbursement terms and the impact determined as the relative change in cost. For each adjustment, the applicable FY2016 encounter data was repriced using the FFS reimbursement in place during FY2016, the FFS reimbursement that will be in place during FY2018 and the applicable percentage change determined. The attached exhibits present a summary of the derivation of these adjustment factors.

- Exhibit A – Labor and Delivery Surgery Adjustment
- Exhibit B – Therapy Reimbursement Change
- Exhibit C – Therapy Policy Change
- Exhibit D – Radiology Reimbursement Change
- Exhibit E – Invalid Clinician Administered Drug Adjustment
- Exhibit F – Potentially Preventable Readmissions (PPR) Reduction
- Exhibit G – Potentially Preventable Complications (PPC) Reduction
- Exhibit H – Hospital Reimbursement Changes - Standard Dollar Amount
- Exhibit I – Limit Related Party Reimbursement to 100% of Medicaid
- Exhibit J – Makena Utilization Increase Adjustment

Effective October 1, 2016 HHSC implemented reimbursement changes for various procedure codes associated with labor and delivery surgery. Exhibit A presents a summary of the derivation of the rating adjustment factors.

Effective December 15, 2016 HHSC made revisions to the reimbursement for certain speech, physical and occupational therapy services. Further revisions for these services will be effective September 1, 2017. Exhibit B presents a summary of the derivation of the rating adjustment factors as a result of the aggregated changes.

Effective December 1, 2017 HHSC will make revisions to the therapy policies which will impact the reimbursement for therapy services provided by an assistant. Therapy assistant services will be reimbursed at a rate that is 85% of the therapy fee schedule. Prior to May 1, 2016 the appropriate modifier used to identify therapy services provided by an assistant was not included in the submitted encounter data. As a result of this data limitation, the impact of this policy change has been determined by evaluating therapy assistant utilization as a percentage of total during the period May 1, 2016 through August 31, 2016 and assuming this is representative of the entire base period. Exhibit C presents a summary of the derivation of the rating adjustment factors.

Effective February 1, 2017 HHSC revised the fee schedule for diagnostic radiology services, which includes hospital outpatient diagnostic radiology services. Fee schedule changes varied for professional, urban hospitals and rural hospitals. Exhibit D presents a summary of the derivation of the rating adjustment factors.

Invalid clinician administered drugs (CAD) have been removed from the base period. HHSC has provided guidance which specifies the reporting requirements for a CAD to be considered a valid claim. Those claims not meeting these requirements are assumed to be invalid and have been removed from the rating analysis. Exhibit E presents a summary of the derivation of the rating adjustment factors.

Beginning 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 hospital's performance during the evaluation time period and can change from one fiscal year to the next. A new PPR reduction list will become effective September 1, 2017. As a result, the adjustment factors shown in Exhibit F represent the restoration of those reductions that were in place during FY2016 net of those reductions that will be in place during FY2018.

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 hospital's performance during the evaluation time period and can change from one fiscal year to the next. A new PPC reduction list will become effective September 1, 2017. As a result, the adjustment factors shown in Exhibit G represent the restoration of those reductions that were in place during FY2016 net of those reductions that will be in place during FY2018.

During FY2016 and FY2017 several hospitals have had their inpatient Standard Dollar Amount (SDA) revised as a result of annual reevaluations. Exhibit H presents a summary of the derivation of the rating adjustment factors.

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

Makena is a drug prescribed to lower the risk of preterm birth. MCOs have commonly used a much less expensive, compounded version of the drug for years. Recently, the FDA expanded the patent for Makena to effectively prevent the use of 17P and added Makena to the program formulary. As a result, the utilization of Makena increased significantly during the base period used in rate setting. Since Makena was specifically excluded from the pharmacy trend analysis, it is necessary to adjust the base period experience to account for a full year's worth of the drug. Attached Exhibit J presents a derivation of the Makena 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

Attachment 5 Exhibits

Medical - Provider Reimbursement Change
Medical - Other Reimbursement Change
Medical - Inpatient Reimbursement Change
Pharmacy – Pharmacy Rating Adjustment

Exhibits A, B, C and D
Exhibits E
Exhibits F, G, H and I
Exhibits J

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

FY2018 CHIP Rating
 Provider Reimbursement Change Adjustment
 Labor and Delivery Surgery Adjustment

	< 1	1-5	6-14	15-18	Newborn 198%-202%	Perinate <198%	Perinate 198%-202%	Total
Provider Reimbursement Revision (1)								
Bexar	0	0	0	0	0	36,235	298	36,533
Dallas	0	0	0	0	0	305,537	967	306,504
El Paso	0	0	0	0	0	58,547	378	58,925
Harris	0	0	0	0	0	324,638	2,579	327,216
Jefferson	0	0	0	0	0	13,292	181	13,473
Lubbock	0	0	0	118	0	15,897	67	16,081
Nueces	0	0	0	0	0	8,181	136	8,316
RSA	0	0	0	0	0	210,460	1,244	211,704
Tarrant	0	0	0	0	0	165,294	1,273	166,568
Travis	0	0	0	0	0	81,564	640	82,204
Total	0	0	0	118	0	1,219,645	7,763	1,227,526
FY2016 Total Incurred Claims (2)								
Bexar	9,470	7,469,724	11,806,808	4,964,223	16,690	5,103,502	67,792	29,438,208
Dallas	7,025	16,132,991	23,306,514	9,641,625	13,026	27,038,674	132,510	76,272,365
El Paso	6,575	2,426,526	4,265,987	2,235,582	54,122	2,389,672	36,674	11,415,137
Harris	32,943	29,798,280	52,352,853	23,487,674	79,633	52,360,947	560,556	158,672,885
Jefferson	1,075	2,394,597	3,343,198	1,729,355	3,324	2,331,924	33,468	9,836,940
Lubbock	1,250	2,044,968	2,907,304	1,181,226	3,128	1,432,134	11,113	7,581,123
Nueces	2,362	2,449,571	4,606,589	2,474,991	2,793	973,910	10,847	10,521,064
RSA	12,784	16,181,292	24,452,262	14,262,310	73,050	27,332,506	259,177	82,573,381
Tarrant	20,630	12,047,638	17,392,046	6,991,436	11,138	10,733,399	97,190	47,293,476
Travis	7,223	6,937,825	8,770,050	5,387,781	15,837	11,173,156	86,540	32,378,410
Total	101,337	97,883,411	153,203,610	72,356,201	272,741	140,869,822	1,295,866	465,982,987
Adjustment Factor (3)								
Bexar	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.71 %	0.44 %	0.12 %
Dallas	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.13 %	0.73 %	0.40 %
El Paso	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	2.45 %	1.03 %	0.52 %
Harris	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.62 %	0.46 %	0.21 %
Jefferson	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.57 %	0.54 %	0.14 %
Lubbock	0.00 %	0.00 %	0.00 %	0.01 %	0.00 %	1.11 %	0.60 %	0.21 %
Nueces	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.84 %	1.25 %	0.08 %
RSA	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.77 %	0.48 %	0.26 %
Tarrant	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.54 %	1.31 %	0.35 %
Travis	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.73 %	0.74 %	0.25 %
Total	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.87 %	0.60 %	0.26 %

Footnotes:

- (1) Equals the cost impact resulting from the labor and delivery reimbursement changes effective 10/1/2016.
- (2) Equals FY2016 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Cost impact divided by FY2016 Total Incurred Claims.

FY2018 CHIP Rating
 Provider Reimbursement Change Adjustment
 Therapy Fee Schedule Adjustment

	< 1	1-5	6-14	15-18	Newborn 198%-202%	Perinate <198%	Perinate 198%-202%	Total
Provider Reimbursement Change (1)								
Bexar	-65	-198,881	-81,467	-7,446	0	0	-25	-287,885
Dallas	0	-327,903	-110,123	-10,124	0	0	0	-448,150
El Paso	-26	-30,574	-21,437	-3,856	0	0	0	-55,893
Harris	-27	-408,981	-176,691	-12,331	0	0	0	-598,030
Jefferson	0	-24,425	-9,779	-1,167	0	0	0	-35,371
Lubbock	0	-76,226	-26,602	-354	0	0	0	-103,182
Nueces	0	-13,411	-4,146	-1,485	0	0	0	-19,042
RSA	0	-250,001	-66,021	-14,975	0	0	-19	-331,017
Tarrant	-51	-291,854	-126,527	-4,719	0	0	0	-423,151
Travis	-24	-129,564	-40,781	-1,616	0	0	0	-171,985
Total	-194	-1,751,821	-663,573	-58,075	0	0	-45	-2,473,709
FY2016 Total Incurred Claims (2)								
Bexar	9,470	7,469,724	11,806,808	4,964,223	16,690	5,103,502	67,792	29,438,208
Dallas	7,025	16,132,991	23,306,514	9,641,625	13,026	27,038,674	132,510	76,272,365
El Paso	6,575	2,426,526	4,265,987	2,235,582	54,122	2,389,672	36,674	11,415,137
Harris	32,943	29,798,280	52,352,853	23,487,674	79,633	52,360,947	560,556	158,672,885
Jefferson	1,075	2,394,597	3,343,198	1,729,355	3,324	2,331,924	33,468	9,836,940
Lubbock	1,250	2,044,968	2,907,304	1,181,226	3,128	1,432,134	11,113	7,581,123
Nueces	2,362	2,449,571	4,606,589	2,474,991	2,793	973,910	10,847	10,521,064
RSA	12,784	16,181,292	24,452,262	14,262,310	73,050	27,332,506	259,177	82,573,381
Tarrant	20,630	12,047,638	17,392,046	6,991,436	11,138	10,733,399	97,190	47,293,476
Travis	7,223	6,937,825	8,770,050	5,387,781	15,837	11,173,156	86,540	32,378,410
Total	101,337	97,883,411	153,203,610	72,356,201	272,741	140,869,822	1,295,866	465,982,987
Adjustment Factor (3)								
Bexar	-0.69 %	-2.66 %	-0.69 %	-0.15 %	0.00 %	0.00 %	-0.04 %	-0.98 %
Dallas	0.00 %	-2.03 %	-0.47 %	-0.11 %	0.00 %	0.00 %	0.00 %	-0.59 %
El Paso	-0.40 %	-1.26 %	-0.50 %	-0.17 %	0.00 %	0.00 %	0.00 %	-0.49 %
Harris	-0.08 %	-1.37 %	-0.34 %	-0.05 %	0.00 %	0.00 %	0.00 %	-0.38 %
Jefferson	0.00 %	-1.02 %	-0.29 %	-0.07 %	0.00 %	0.00 %	0.00 %	-0.36 %
Lubbock	0.00 %	-3.73 %	-0.92 %	-0.03 %	0.00 %	0.00 %	0.00 %	-1.36 %
Nueces	0.00 %	-0.55 %	-0.09 %	-0.06 %	0.00 %	0.00 %	0.00 %	-0.18 %
RSA	0.00 %	-1.55 %	-0.27 %	-0.11 %	0.00 %	0.00 %	-0.01 %	-0.40 %
Tarrant	-0.25 %	-2.42 %	-0.73 %	-0.07 %	0.00 %	0.00 %	0.00 %	-0.89 %
Travis	-0.34 %	-1.87 %	-0.47 %	-0.03 %	0.00 %	0.00 %	0.00 %	-0.53 %
Total	-0.19 %	-1.79 %	-0.43 %	-0.08 %	0.00 %	0.00 %	0.00 %	-0.53 %

Footnotes:

- (1) Equals the cost impact resulting from the therapy reimbursement changes effective 12/15/2016 and 9/1/2017.
- (2) Equals FY2016 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Cost impact divided by FY2016 Total Incurred Claims.

FY2018 CHIP Rating
 Provider Reimbursement Change Adjustment
 Therapy Policy Adjustment

	< 1	1-5	6-14	15-18	Newborn 198%-202%	Perinate <198%	Perinate 198%-202%	Total
Provider Reimbursement Change (1)								
Bexar	-219	-74,510	-38,077	-1,489	0	0	0	-114,296
Dallas	0	-70,179	-22,724	-2,892	0	0	0	-95,795
El Paso	0	-9,827	-8,639	-2,012	0	0	0	-20,478
Harris	0	-62,576	-27,485	0	0	0	0	-90,062
Jefferson	0	-2,335	0	0	0	0	0	-2,335
Lubbock	0	-6,748	-1,308	0	0	0	0	-8,057
Nueces	0	-8,084	-1,727	0	0	0	0	-9,811
RSA	0	-110,437	-60,519	-5,348	0	0	0	-176,305
Tarrant	0	-52,407	-26,088	0	0	0	0	-78,495
Travis	0	-17,691	-6,578	-404	0	0	0	-24,673
Total	-219	-414,796	-193,145	-12,146	0	0	0	-620,307
FY2016 Total Incurred Claims (2)								
Bexar	9,470	7,469,724	11,806,808	4,964,223	16,690	5,103,502	67,792	29,438,208
Dallas	7,025	16,132,991	23,306,514	9,641,625	13,026	27,038,674	132,510	76,272,365
El Paso	6,575	2,426,526	4,265,987	2,235,582	54,122	2,389,672	36,674	11,415,137
Harris	32,943	29,798,280	52,352,853	23,487,674	79,633	52,360,947	560,556	158,672,885
Jefferson	1,075	2,394,597	3,343,198	1,729,355	3,324	2,331,924	33,468	9,836,940
Lubbock	1,250	2,044,968	2,907,304	1,181,226	3,128	1,432,134	11,113	7,581,123
Nueces	2,362	2,449,571	4,606,589	2,474,991	2,793	973,910	10,847	10,521,064
RSA	12,784	16,181,292	24,452,262	14,262,310	73,050	27,332,506	259,177	82,573,381
Tarrant	20,630	12,047,638	17,392,046	6,991,436	11,138	10,733,399	97,190	47,293,476
Travis	7,223	6,937,825	8,770,050	5,387,781	15,837	11,173,156	86,540	32,378,410
Total	101,337	97,883,411	153,203,610	72,356,201	272,741	140,869,822	1,295,866	465,982,987
Adjustment Factor (3)								
Bexar	-2.32 %	-1.00 %	-0.32 %	-0.03 %	0.00 %	0.00 %	0.00 %	-0.39 %
Dallas	0.00 %	-0.44 %	-0.10 %	-0.03 %	0.00 %	0.00 %	0.00 %	-0.13 %
El Paso	0.00 %	-0.41 %	-0.20 %	-0.09 %	0.00 %	0.00 %	0.00 %	-0.18 %
Harris	0.00 %	-0.21 %	-0.05 %	0.00 %	0.00 %	0.00 %	0.00 %	-0.06 %
Jefferson	0.00 %	-0.10 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	-0.02 %
Lubbock	0.00 %	-0.33 %	-0.05 %	0.00 %	0.00 %	0.00 %	0.00 %	-0.11 %
Nueces	0.00 %	-0.33 %	-0.04 %	0.00 %	0.00 %	0.00 %	0.00 %	-0.09 %
RSA	0.00 %	-0.68 %	-0.25 %	-0.04 %	0.00 %	0.00 %	0.00 %	-0.21 %
Tarrant	0.00 %	-0.44 %	-0.15 %	0.00 %	0.00 %	0.00 %	0.00 %	-0.17 %
Travis	0.00 %	-0.26 %	-0.08 %	-0.01 %	0.00 %	0.00 %	0.00 %	-0.08 %
Total	-0.22 %	-0.42 %	-0.13 %	-0.02 %	0.00 %	0.00 %	0.00 %	-0.13 %

Footnotes:

- (1) Equals the cost impact resulting from the therapy policy changes for assistant reimbursement effective 12/1/2017.
- (2) Equals 5/2016-8/2016 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Cost impact divided by 5/2016-8/2016 Total Incurred Claims.

FY2018 CHIP Rating
 Provider Reimbursement Change Adjustment
 Radiology Reimbursement Changes

	< 1	1-5	6-14	15-18	Newborn 198%-202%	Perinate <198%	Perinate 198%-202%	Total
Provider Reimbursement Change (1)								
Bexar	0	-6,723	-55,492	-39,217	-15	110,746	522	9,821
Dallas	-4	-62,919	-202,767	-113,771	63	1,460,088	4,757	1,085,448
El Paso	-3	-7,765	-32,848	-32,192	27	32,261	121	-40,400
Harris	-188	-146,012	-575,881	-371,105	-56	1,146,705	6,839	60,302
Jefferson	22	-8,142	-35,438	-15,910	0	70,890	365	11,788
Lubbock	0	-4,294	-17,735	-12,285	0	28,786	249	-5,279
Nueces	0	5,634	-55,740	-38,610	-6	2,045	-12	-86,688
RSA	0	-40,453	-185,837	-168,295	-657	183,128	778	-211,338
Tarrant	14	-27,710	-107,831	-51,737	-9	298,388	846	111,963
Travis	-142	-24,282	-49,989	-30,172	-10	96,089	182	-8,323
Total	-299	-322,665	-1,319,557	-873,294	-663	3,429,127	14,646	927,294
FY2016 Total Incurred Claims (2)								
Bexar	9,470	7,469,724	11,806,808	4,964,223	16,690	5,103,502	67,792	29,438,208
Dallas	7,025	16,132,991	23,306,514	9,641,625	13,026	27,038,674	132,510	76,272,365
El Paso	6,575	2,426,526	4,265,987	2,235,582	54,122	2,389,672	36,674	11,415,137
Harris	32,943	29,798,280	52,352,853	23,487,674	79,633	52,360,947	560,556	158,672,885
Jefferson	1,075	2,394,597	3,343,198	1,729,355	3,324	2,331,924	33,468	9,836,940
Lubbock	1,250	2,044,968	2,907,304	1,181,226	3,128	1,432,134	11,113	7,581,123
Nueces	2,362	2,449,571	4,606,589	2,474,991	2,793	973,910	10,847	10,521,064
RSA	12,784	16,181,292	24,452,262	14,262,310	73,050	27,332,506	259,177	82,573,381
Tarrant	20,630	12,047,638	17,392,046	6,991,436	11,138	10,733,399	97,190	47,293,476
Travis	7,223	6,937,825	8,770,050	5,387,781	15,837	11,173,156	86,540	32,378,410
Total	101,337	97,883,411	153,203,610	72,356,201	272,741	140,869,822	1,295,866	465,982,987
Adjustment Factor (3)								
Bexar	0.00 %	-0.09 %	-0.47 %	-0.79 %	-0.09 %	2.17 %	0.77 %	0.03 %
Dallas	-0.05 %	-0.39 %	-0.87 %	-1.18 %	0.48 %	5.40 %	3.59 %	1.42 %
El Paso	-0.05 %	-0.32 %	-0.77 %	-1.44 %	0.05 %	1.35 %	0.33 %	-0.35 %
Harris	-0.57 %	-0.49 %	-1.10 %	-1.58 %	-0.07 %	2.19 %	1.22 %	0.04 %
Jefferson	2.09 %	-0.34 %	-1.06 %	-0.92 %	0.00 %	3.04 %	1.09 %	0.12 %
Lubbock	0.00 %	-0.21 %	-0.61 %	-1.04 %	0.00 %	2.01 %	2.24 %	-0.07 %
Nueces	0.00 %	0.23 %	-1.21 %	-1.56 %	-0.20 %	0.21 %	-0.11 %	-0.82 %
RSA	0.00 %	-0.25 %	-0.76 %	-1.18 %	-0.90 %	0.67 %	0.30 %	-0.26 %
Tarrant	0.07 %	-0.23 %	-0.62 %	-0.74 %	-0.08 %	2.78 %	0.87 %	0.24 %
Travis	-1.96 %	-0.35 %	-0.57 %	-0.56 %	-0.06 %	0.86 %	0.21 %	-0.03 %
Total	-0.30 %	-0.33 %	-0.86 %	-1.21 %	-0.24 %	2.43 %	1.13 %	0.20 %

Footnotes:

- (1) Equals the cost impact resulting from the radiology reimbursement changes effective 2/1/2017.
 (2) Equals FY2016 health plan fee-for-service claims for all services (ICHP provided encounter data).
 (3) Cost impact divided by FY2016 Total Incurred Claims.

FY2018 CHIP Rating
 Other Reimbursement Change Adjustment
 Invalid Clinician Administered Drug Adjustment

	< 1	1-5	6-14	15-18	Newborn 198%-202%	Perinate <198%	Perinate 198%-202%	Total
Other Reimbursement Change (1)								
Bexar	0	-373	-14,759	-7,446	0	-1,276	0	-23,854
Dallas	0	-30,653	-73,416	-18,801	0	0	0	-122,869
El Paso	0	-1,820	-8,319	-10,843	0	-3,704	-28	-24,713
Harris	0	-2,980	-7,853	-10,569	0	-10,472	0	-31,874
Jefferson	0	-718	-2,006	-519	0	0	0	-3,243
Lubbock	0	-511	-436	-709	0	-501	0	-2,157
Nueces	0	-245	-230	-124	0	-97	0	-696
RSA	0	-809	-2,445	-2,852	0	-12,300	-246	-18,653
Tarrant	0	-30,119	-28,697	-12,235	0	-1,610	0	-72,661
Travis	0	-347	-31,134	-5,118	0	-1,117	-368	-38,084
Total	0	-68,576	-169,294	-69,217	0	-31,078	-642	-338,805
FY2016 Total Incurred Claims (2)								
Bexar	9,470	7,469,724	11,806,808	4,964,223	16,690	5,103,502	67,792	29,438,208
Dallas	7,025	16,132,991	23,306,514	9,641,625	13,026	27,038,674	132,510	76,272,365
El Paso	6,575	2,426,526	4,265,987	2,235,582	54,122	2,389,672	36,674	11,415,137
Harris	32,943	29,798,280	52,352,853	23,487,674	79,633	52,360,947	560,556	158,672,885
Jefferson	1,075	2,394,597	3,343,198	1,729,355	3,324	2,331,924	33,468	9,836,940
Lubbock	1,250	2,044,968	2,907,304	1,181,226	3,128	1,432,134	11,113	7,581,123
Nueces	2,362	2,449,571	4,606,589	2,474,991	2,793	973,910	10,847	10,521,064
RSA	12,784	16,181,292	24,452,262	14,262,310	73,050	27,332,506	259,177	82,573,381
Tarrant	20,630	12,047,638	17,392,046	6,991,436	11,138	10,733,399	97,190	47,293,476
Travis	7,223	6,937,825	8,770,050	5,387,781	15,837	11,173,156	86,540	32,378,410
Total	101,337	97,883,411	153,203,610	72,356,201	272,741	140,869,822	1,295,866	465,982,987
Adjustment Factor (3)								
Bexar	0.00 %	-0.01 %	-0.13 %	-0.15 %	0.00 %	-0.03 %	0.00 %	-0.08 %
Dallas	0.00 %	-0.19 %	-0.32 %	-0.20 %	0.00 %	0.00 %	0.00 %	-0.16 %
El Paso	0.00 %	-0.08 %	-0.20 %	-0.49 %	0.00 %	-0.16 %	-0.08 %	-0.22 %
Harris	0.00 %	-0.01 %	-0.02 %	-0.05 %	0.00 %	-0.02 %	0.00 %	-0.02 %
Jefferson	0.00 %	-0.03 %	-0.06 %	-0.03 %	0.00 %	0.00 %	0.00 %	-0.03 %
Lubbock	0.00 %	-0.03 %	-0.02 %	-0.06 %	0.00 %	-0.04 %	0.00 %	-0.03 %
Nueces	0.00 %	-0.01 %	-0.01 %	-0.01 %	0.00 %	-0.01 %	0.00 %	-0.01 %
RSA	0.00 %	-0.01 %	-0.01 %	-0.02 %	0.00 %	-0.05 %	-0.10 %	-0.02 %
Tarrant	0.00 %	-0.25 %	-0.17 %	-0.18 %	0.00 %	-0.02 %	0.00 %	-0.15 %
Travis	0.00 %	-0.01 %	-0.36 %	-0.10 %	0.00 %	-0.01 %	-0.43 %	-0.12 %
Total	0.00 %	-0.07 %	-0.11 %	-0.10 %	0.00 %	-0.02 %	-0.05 %	-0.07 %

Footnotes:

- (1) Equals the cost impact from removing invalid CADs..
- (2) Equals FY2016 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Cost impact divided by FY2016 Total Incurred Claims.

FY2018 CHIP Rating
 Inpatient Hospital Reimbursement Change Adjustment
 Potentially Preventable Readmissions (PPR) Reimbursement Change

	< 1	1-5	6-14	15-18	Newborn 198%-202%	Perinate <198%	Perinate 198%-202%	Total
Inpatient Hospital Reimbursement Change (1)								
Bexar	0	-1,494	1,181	0	0	0	-95	-408
Dallas	0	-17,746	-23,307	-9,642	4	0	66	-50,624
El Paso	-30	-728	0	-1,118	260	0	-7	-1,623
Harris	0	-8,939	-26,176	-14,093	-486	0	-1,401	-51,096
Jefferson	0	-479	-1,003	-865	0	0	50	-2,296
Lubbock	0	-409	-872	-1,063	-4	0	-14	-2,362
Nueces	0	-3,184	-5,989	-3,960	0	-97	0	-13,230
RSA	0	-9,709	-17,117	-14,262	-117	0	0	-41,205
Tarrant	0	-3,614	-10,435	-6,292	0	0	-39	-20,381
Travis	0	0	0	-2,155	6	0	35	-2,114
Total	-30	-46,303	-83,718	-53,450	-336	-97	-1,406	-185,340
FY2016 Total Incurred Claims (2)								
Bexar	9,470	7,469,724	11,806,808	4,964,223	16,690	5,103,502	67,792	29,438,208
Dallas	7,025	16,132,991	23,306,514	9,641,625	13,026	27,038,674	132,510	76,272,365
El Paso	6,575	2,426,526	4,265,987	2,235,582	54,122	2,389,672	36,674	11,415,137
Harris	32,943	29,798,280	52,352,853	23,487,674	79,633	52,360,947	560,556	158,672,885
Jefferson	1,075	2,394,597	3,343,198	1,729,355	3,324	2,331,924	33,468	9,836,940
Lubbock	1,250	2,044,968	2,907,304	1,181,226	3,128	1,432,134	11,113	7,581,123
Nueces	2,362	2,449,571	4,606,589	2,474,991	2,793	973,910	10,847	10,521,064
RSA	12,784	16,181,292	24,452,262	14,262,310	73,050	27,332,506	259,177	82,573,381
Tarrant	20,630	12,047,638	17,392,046	6,991,436	11,138	10,733,399	97,190	47,293,476
Travis	7,223	6,937,825	8,770,050	5,387,781	15,837	11,173,156	86,540	32,378,410
Total	101,337	97,883,411	153,203,610	72,356,201	272,741	140,869,822	1,295,866	465,982,987
Adjustment Factor (3)								
Bexar	0.00 %	-0.02 %	0.01 %	0.00 %	0.00 %	0.00 %	-0.14 %	0.00 %
Dallas	0.00 %	-0.11 %	-0.10 %	-0.10 %	0.03 %	0.00 %	0.05 %	-0.07 %
El Paso	-0.45 %	-0.03 %	0.00 %	-0.05 %	0.48 %	0.00 %	-0.02 %	-0.01 %
Harris	0.00 %	-0.03 %	-0.05 %	-0.06 %	-0.61 %	0.00 %	-0.25 %	-0.03 %
Jefferson	0.00 %	-0.02 %	-0.03 %	-0.05 %	0.00 %	0.00 %	0.15 %	-0.02 %
Lubbock	0.00 %	-0.02 %	-0.03 %	-0.09 %	-0.12 %	0.00 %	-0.13 %	-0.03 %
Nueces	0.00 %	-0.13 %	-0.13 %	-0.16 %	0.00 %	-0.01 %	0.00 %	-0.13 %
RSA	0.00 %	-0.06 %	-0.07 %	-0.10 %	-0.16 %	0.00 %	0.00 %	-0.05 %
Tarrant	0.00 %	-0.03 %	-0.06 %	-0.09 %	0.00 %	0.00 %	-0.04 %	-0.04 %
Travis	0.00 %	0.00 %	0.00 %	-0.04 %	0.04 %	0.00 %	0.04 %	-0.01 %
Total	-0.03 %	-0.05 %	-0.05 %	-0.07 %	-0.12 %	0.00 %	-0.11 %	-0.04 %

Footnotes:

- (1) Equals the cost impact resulting from PPR reductions that will become effective 9/1/2017 versus those effective during FY2016.
- (2) Equals FY2016 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Cost impact divided by FY2016 Total Incurred Claims.

FY2018 CHIP Rating
 Inpatient Hospital Reimbursement Change Adjustment
 Potentially Preventable Conditions (PPC) Reimbursement Change

	< 1	1-5	6-14	15-18	Newborn 198%-202%	Perinate <198%	Perinate 198%-202%	Total
Inpatient Hospital Reimbursement Change (1)								
Bexar	0	11,205	8,265	6,950	107	0	407	26,933
Dallas	0	0	0	-964	0	0	53	-911
El Paso	0	-243	1,280	-894	22	0	-114	51
Harris	0	-14,899	-31,412	-16,441	8	0	-280	-63,025
Jefferson	0	-1,197	3,009	-1,038	1	0	0	775
Lubbock	0	204	291	472	0	-143	2	827
Nueces	0	4,409	10,595	7,425	9	0	36	22,474
RSA	0	4,854	9,781	9,984	336	0	596	25,551
Tarrant	0	0	1,739	-1,398	-38	0	-204	99
Travis	0	26,364	34,203	45,796	8	0	69	106,440
Total	0	30,697	37,751	49,891	453	-143	565	119,214
FY2016 Total Incurred Claims (2)								
Bexar	9,470	7,469,724	11,806,808	4,964,223	16,690	5,103,502	67,792	29,438,208
Dallas	7,025	16,132,991	23,306,514	9,641,625	13,026	27,038,674	132,510	76,272,365
El Paso	6,575	2,426,526	4,265,987	2,235,582	54,122	2,389,672	36,674	11,415,137
Harris	32,943	29,798,280	52,352,853	23,487,674	79,633	52,360,947	560,556	158,672,885
Jefferson	1,075	2,394,597	3,343,198	1,729,355	3,324	2,331,924	33,468	9,836,940
Lubbock	1,250	2,044,968	2,907,304	1,181,226	3,128	1,432,134	11,113	7,581,123
Nueces	2,362	2,449,571	4,606,589	2,474,991	2,793	973,910	10,847	10,521,064
RSA	12,784	16,181,292	24,452,262	14,262,310	73,050	27,332,506	259,177	82,573,381
Tarrant	20,630	12,047,638	17,392,046	6,991,436	11,138	10,733,399	97,190	47,293,476
Travis	7,223	6,937,825	8,770,050	5,387,781	15,837	11,173,156	86,540	32,378,410
Total	101,337	97,883,411	153,203,610	72,356,201	272,741	140,869,822	1,295,866	465,982,987
Adjustment Factor (3)								
Bexar	0.00 %	0.15 %	0.07 %	0.14 %	0.64 %	0.00 %	0.60 %	0.09 %
Dallas	0.00 %	0.00 %	0.00 %	-0.01 %	0.00 %	0.00 %	0.04 %	0.00 %
El Paso	0.00 %	-0.01 %	0.03 %	-0.04 %	0.04 %	0.00 %	-0.31 %	0.00 %
Harris	0.00 %	-0.05 %	-0.06 %	-0.07 %	0.01 %	0.00 %	-0.05 %	-0.04 %
Jefferson	0.00 %	-0.05 %	0.09 %	-0.06 %	0.03 %	0.00 %	0.00 %	0.01 %
Lubbock	0.00 %	0.01 %	0.01 %	0.04 %	0.01 %	-0.01 %	0.02 %	0.01 %
Nueces	0.00 %	0.18 %	0.23 %	0.30 %	0.32 %	0.00 %	0.33 %	0.21 %
RSA	0.00 %	0.03 %	0.04 %	0.07 %	0.46 %	0.00 %	0.23 %	0.03 %
Tarrant	0.00 %	0.00 %	0.01 %	-0.02 %	-0.34 %	0.00 %	-0.21 %	0.00 %
Travis	0.00 %	0.38 %	0.39 %	0.85 %	0.05 %	0.00 %	0.08 %	0.33 %
Total	0.00 %	0.03 %	0.02 %	0.07 %	0.17 %	0.00 %	0.04 %	0.03 %

Footnotes:

- (1) Equals the cost impact resulting from PPC reductions that will become effective 9/1/2017 versus those effective during FY2016.
 (2) Equals FY2016 health plan fee-for-service claims for all services (ICHP provided encounter data).
 (3) Cost impact divided by FY2016 Total Incurred Claims.

FY2018 CHIP Rating

Inpatient Hospital Reimbursement Change Adjustment

Hospital Reimbursement Changes - Standard Dollar Amount

	<u>< 1</u>	<u>1-5</u>	<u>6-14</u>	<u>15-18</u>	<u>Newborn 198%-202%</u>	<u>Perinate <198%</u>	<u>Perinate 198%-202%</u>	<u>Total</u>
Inpatient Hospital Reimbursement Change (1)								
Bexar	0	-1,494	-1,181	-1,986	-13	-510	-68	-5,252
Dallas	0	0	0	-964	-1	0	-40	-1,005
El Paso	-14	-485	-427	-671	-65	0	-33	-1,694
Harris	0	-5,960	-10,471	-4,897	-104	0	336	-21,095
Jefferson	0	-562	-399	-552	0	-8	-17	-1,537
Lubbock	0	-414	-591	-487	-2	0	-17	-1,510
Nueces	0	-245	-461	-533	-1	0	-5	-1,245
RSA	0	-1,633	-7,374	-2,879	-72	0	-515	-12,474
Tarrant	-8	-2,410	-1,739	-1,398	-8	0	-49	-5,612
Travis	0	2,081	1,754	-1,078	-3	0	43	2,798
Total	-22	-11,121	-20,888	-15,445	-269	-518	-363	-48,627
FY2016 Total Incurred Claims (2)								
Bexar	9,470	7,469,724	11,806,808	4,964,223	16,690	5,103,502	67,792	29,438,208
Dallas	7,025	16,132,991	23,306,514	9,641,625	13,026	27,038,674	132,510	76,272,365
El Paso	6,575	2,426,526	4,265,987	2,235,582	54,122	2,389,672	36,674	11,415,137
Harris	32,943	29,798,280	52,352,853	23,487,674	79,633	52,360,947	560,556	158,672,885
Jefferson	1,075	2,394,597	3,343,198	1,729,355	3,324	2,331,924	33,468	9,836,940
Lubbock	1,250	2,044,968	2,907,304	1,181,226	3,128	1,432,134	11,113	7,581,123
Nueces	2,362	2,449,571	4,606,589	2,474,991	2,793	973,910	10,847	10,521,064
RSA	12,784	16,181,292	24,452,262	14,262,310	73,050	27,332,506	259,177	82,573,381
Tarrant	20,630	12,047,638	17,392,046	6,991,436	11,138	10,733,399	97,190	47,293,476
Travis	7,223	6,937,825	8,770,050	5,387,781	15,837	11,173,156	86,540	32,378,410
Total	101,337	97,883,411	153,203,610	72,356,201	272,741	140,869,822	1,295,866	465,982,987
Adjustment Factor (3)								
Bexar	0.00 %	-0.02 %	-0.01 %	-0.04 %	-0.08 %	-0.01 %	-0.10 %	-0.02 %
Dallas	0.00 %	0.00 %	0.00 %	-0.01 %	-0.01 %	0.00 %	-0.03 %	0.00 %
El Paso	-0.21 %	-0.02 %	-0.01 %	-0.03 %	-0.12 %	0.00 %	-0.09 %	-0.01 %
Harris	0.00 %	-0.02 %	-0.02 %	-0.02 %	-0.13 %	0.00 %	0.06 %	-0.01 %
Jefferson	0.00 %	-0.02 %	-0.01 %	-0.03 %	0.00 %	0.00 %	-0.05 %	-0.02 %
Lubbock	0.00 %	-0.02 %	-0.02 %	-0.04 %	-0.05 %	0.00 %	-0.15 %	-0.02 %
Nueces	0.00 %	-0.01 %	-0.01 %	-0.02 %	-0.05 %	0.00 %	-0.05 %	-0.01 %
RSA	0.00 %	-0.01 %	-0.03 %	-0.02 %	-0.10 %	0.00 %	-0.20 %	-0.02 %
Tarrant	-0.04 %	-0.02 %	-0.01 %	-0.02 %	-0.07 %	0.00 %	-0.05 %	-0.01 %
Travis	0.00 %	0.03 %	0.02 %	-0.02 %	-0.02 %	0.00 %	0.05 %	0.01 %
Total	-0.02 %	-0.01 %	-0.01 %	-0.02 %	-0.10 %	0.00 %	-0.03 %	-0.01 %

Footnotes:

(1) Equals the cost impact from application of the revised hospital Standard Dollar Amounts effective 9/1/2016.

(2) Equals FY2016 health plan fee-for-service claims for all services (ICHP provided encounter data).

(3) Cost impact divided by FY2016 Total Incurred Claims.

FY2018 CHIP Rating
 Inpatient Hospital Reimbursement Change Adjustment
 Limit Reimbursement to Related Parties

	< 1	1-5	6-14	15-18	Newborn 198%-202%	Perinate <198%	Perinate 198%-202%	Total
Provider Reimbursement Reduction (1)								
Driscoll - Nueces	-75	-96,747	-151,944	-96,251	0	0	0	-345,017
Parkland - Dallas	-8	-87,467	-112,796	-128,642	0	-4,024,816	-11,343	-4,365,072
TCHP - Harris	0	-475,422	-1,299,194	-470,010	0	-83,959	-526	-2,329,109
TCHP - Jefferson	0	-29,169	-34,549	-15,099	0	-3,475	0	-82,292
All Others	0	0	0	0	0	0	0	0
Total	-83	-688,805	-1,598,482	-710,002	0	-4,112,249	-11,868	-7,121,490
FY2016 Total Incurred Claims (2)								
Driscoll - Nueces	2,123	2,041,098	3,917,546	2,169,811	2,468	667,205	8,900	8,809,150
Parkland - Dallas	3,117	7,516,172	11,025,784	3,821,825	6,509	17,418,569	69,275	39,861,250
TCHP - Harris	20,742	18,592,342	34,519,086	14,923,665	29,354	16,610,584	203,695	84,899,468
TCHP - Jefferson	44	1,325,437	1,767,440	999,015	42	764,705	6,894	4,863,577
All Others	75,311	68,408,362	101,973,754	50,441,886	234,368	105,408,760	1,007,101	327,549,542
Total	101,337	97,883,411	153,203,610	72,356,201	272,741	140,869,822	1,295,866	465,982,987
Adjustment Factor by Plan (3)								
Driscoll - Nueces	-3.54 %	-4.74 %	-3.88 %	-4.44 %	0.00 %	0.00 %	0.00 %	-3.92 %
Parkland - Dallas	-0.26 %	-1.16 %	-1.02 %	-3.37 %	0.00 %	-23.11 %	-16.37 %	-10.95 %
TCHP - Harris	0.00 %	-2.56 %	-3.76 %	-3.15 %	0.00 %	-0.51 %	-0.26 %	-2.74 %
TCHP - Jefferson	0.00 %	-2.20 %	-1.95 %	-1.51 %	0.00 %	-0.45 %	0.00 %	-1.69 %
All Others	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Total	-0.08 %	-0.70 %	-1.04 %	-0.98 %	0.00 %	-2.92 %	-0.92 %	-1.53 %
Adjustment Factor by SDA (4)								
Bexar	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Dallas	-0.04 %	-0.54 %	-0.47 %	-1.32 %	0.00 %	-14.45 %	-8.62 %	0.00 %
El Paso	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Harris	0.00 %	-1.56 %	-2.42 %	-1.95 %	0.00 %	-0.18 %	-0.13 %	0.00 %
Jefferson	0.00 %	-1.20 %	-1.01 %	-0.84 %	0.00 %	-0.16 %	0.00 %	0.00 %
Lubbock	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Nueces	-3.32 %	-3.91 %	-3.24 %	-3.80 %	0.00 %	0.00 %	0.00 %	0.00 %
RSA	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Tarrant	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Travis	0.00 %	0.00 %	0.00 %	0.00 %	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 FY2016 health plan fee-for-service claims for all services (ICHP provided encounter data).
 (3) Cost impact divided by FY2016 Total Incurred Claims.
 (4) Adjustment factor applied by service delivery area.

FY2018 CHIP Rating
 Pharmacy Rating Adjustment
 Makena Utilization Increase

	< 1	1-5	6-14	15-18	Newborn 198%-202%	Perinate <198%	Perinate 198%-202%	Total
Makena Utilization Increase (1)								
Bexar	0	0	0	0	0	60,153	0	60,153
Dallas	0	0	0	0	0	11,891	0	11,891
El Paso	0	0	0	0	0	17,047	0	17,047
Harris	0	0	0	0	0	639,435	0	639,435
Jefferson	0	0	0	0	0	49,749	0	49,749
Lubbock	0	0	0	0	0	24,274	0	24,274
Nueces	0	0	0	0	0	42,799	0	42,799
RSA	0	0	0	0	0	0	0	0
Tarrant	0	0	0	0	0	323,698	0	323,698
Travis	0	0	0	0	0	38,724	0	38,724
Total	0	0	0	0	0	1,207,771	0	1,207,771
CY2016 Total Incurred Claims (2)								
Bexar	440	1,025,236	5,436,226	1,988,894	6	771,314	23,753	9,245,870
Dallas	2,631	2,153,323	10,452,554	3,909,213	454	1,779,760	27,038	18,324,972
El Paso	287	403,937	2,143,969	875,090	637	538,428	8,878	3,971,226
Harris	2,056	3,174,068	16,962,790	6,968,448	360	8,785,524	189,281	36,082,527
Jefferson	23	339,038	2,120,510	731,957	0	347,563	4,014	3,543,106
Lubbock	76	285,340	1,636,036	576,213	170	283,575	4,822	2,786,232
Nueces	114	310,876	1,964,098	650,701	243	197,504	4,222	3,127,758
RSA	1,110	3,140,538	15,744,565	7,284,481	1,868	5,302,510	33,987	31,509,059
Tarrant	764	1,253,841	7,168,724	3,033,522	1,037	2,757,097	35,175	14,250,161
Travis	251	870,259	4,144,506	1,270,236	853	807,319	4,454	7,097,878
Total	7,751	12,956,455	67,773,978	27,288,756	5,628	21,570,596	335,624	129,938,789
Adjustment Factor (3)								
Bexar	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	7.80 %	0.00 %	0.65 %
Dallas	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.67 %	0.00 %	0.06 %
El Paso	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	3.17 %	0.00 %	0.43 %
Harris	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	7.28 %	0.00 %	1.77 %
Jefferson	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	14.31 %	0.00 %	1.40 %
Lubbock	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	8.56 %	0.00 %	0.87 %
Nueces	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	21.67 %	0.00 %	1.37 %
RSA	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Tarrant	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	11.74 %	0.00 %	2.27 %
Travis	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	4.80 %	0.00 %	0.55 %
Total	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	5.60 %	0.00 %	0.93 %

Footnotes:
 (1) The cost adjustment amount determined by substituting Makena utilization from the period 8/1/2016 through 12/31/2016 for all of CY2016.
 (2) Equals total incurred managed care pharmacy claims during the CY2016 experience period.
 (3) Cost impact divided by FY2016 Total Incurred Claims.

	< 1	1-5	6-14	15-18	Newborn 198%-202%	Perinate <198%	Perinate 198%-202%
Medical - Provider Reimbursement Change Factor (1)							
Bexar	0.9701	0.9628	0.9852	0.9903	0.9991	1.0290	1.0118
Dallas	0.9995	0.9716	0.9857	0.9869	1.0048	1.0659	1.0435
El Paso	0.9955	0.9803	0.9853	0.9830	1.0005	1.0383	1.0136
Harris	0.9935	0.9794	0.9851	0.9837	0.9993	1.0282	1.0169
Jefferson	1.0209	0.9855	0.9865	0.9901	1.0000	1.0363	1.0164
Lubbock	1.0000	0.9575	0.9844	0.9894	1.0000	1.0314	1.0285
Nueces	1.0000	0.9935	0.9866	0.9838	0.9980	1.0105	1.0114
RSA	1.0000	0.9754	0.9873	0.9868	0.9910	1.0145	1.0077
Tarrant	0.9982	0.9693	0.9851	0.9919	0.9992	1.0436	1.0219
Travis	0.9771	0.9754	0.9889	0.9940	0.9994	1.0160	1.0095
Medical - Other Reimbursement Change Factor (2)							
Bexar	1.0000	1.0000	0.9988	0.9985	1.0000	0.9998	1.0000
Dallas	1.0000	0.9981	0.9969	0.9981	1.0000	1.0000	1.0000
El Paso	1.0000	0.9993	0.9981	0.9952	1.0000	0.9985	0.9993
Harris	1.0000	0.9999	0.9999	0.9996	1.0000	0.9998	1.0000
Jefferson	1.0000	0.9997	0.9994	0.9997	1.0000	1.0000	1.0000
Lubbock	1.0000	0.9998	0.9999	0.9994	1.0000	0.9997	1.0000
Nueces	1.0000	0.9999	1.0000	1.0000	1.0000	0.9999	1.0000
RSA	1.0000	1.0000	0.9999	0.9998	1.0000	0.9996	0.9991
Tarrant	1.0000	0.9975	0.9984	0.9983	1.0000	0.9999	1.0000
Travis	1.0000	1.0000	0.9965	0.9991	1.0000	0.9999	0.9958
Medical - Inpatient Reimbursement Change Factor (3)							
Bexar	1.0000	1.0011	1.0007	1.0010	1.0056	0.9999	1.0036
Dallas	0.9996	0.9936	0.9943	0.9856	1.0002	0.8555	0.9143
El Paso	0.9934	0.9994	1.0002	0.9988	1.0040	1.0000	0.9958
Harris	1.0000	0.9834	0.9746	0.9790	0.9927	0.9982	0.9963
Jefferson	1.0000	0.9870	0.9903	0.9902	1.0003	0.9984	1.0010
Lubbock	1.0000	0.9997	0.9996	0.9991	0.9984	0.9999	0.9974
Nueces	0.9668	0.9613	0.9685	0.9631	1.0027	0.9999	1.0028
RSA	1.0000	0.9996	0.9994	0.9995	1.0020	1.0000	1.0003
Tarrant	0.9996	0.9995	0.9994	0.9987	0.9959	1.0000	0.9970
Travis	1.0000	1.0041	1.0041	1.0079	1.0007	1.0000	1.0017
Pharmacy Rating Adjustment (4)							
Bexar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0780	1.0000
Dallas	1.0000	1.0000	1.0000	1.0000	1.0000	1.0067	1.0000
El Paso	1.0000	1.0000	1.0000	1.0000	1.0000	1.0317	1.0000
Harris	1.0000	1.0000	1.0000	1.0000	1.0000	1.0728	1.0000
Jefferson	1.0000	1.0000	1.0000	1.0000	1.0000	1.1431	1.0000
Lubbock	1.0000	1.0000	1.0000	1.0000	1.0000	1.0856	1.0000
Nueces	1.0000	1.0000	1.0000	1.0000	1.0000	1.2167	1.0000
RSA	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Tarrant	1.0000	1.0000	1.0000	1.0000	1.0000	1.1174	1.0000
Travis	1.0000	1.0000	1.0000	1.0000	1.0000	1.0480	1.0000

Footnotes:

- (1) The Provider Reimbursement Change Factor consolidates the following adjustments from Exhibit A-D
 - Exhibit A - Labor and Delivery Surgery Adjustment
 - Exhibit B - Therapy Fee Schedule Adjustment
 - Exhibit C - Therapy Policy Adjustment
 - Exhibit D - Radiology Reimbursement Change

- (2) The Other Reimbursement Change Factor consolidates the following adjustments from Exhibit E
 - Exhibit E - Invalid Clinician Administered Drug Adjustment

- (3) The Inpatient Reimbursement Change Factor consolidates the following adjustments from Exhibit F-I
 - Exhibit F - Potentially Preventable Readmissions (PPR)
 - Exhibit G - Potentially Preventable Complications (PPC)
 - Exhibit H - Hospital Reimbursement Changes - Standard Dollar Amount
 - Exhibit I - Limit Reimbursement to Related Parties

- (4) The Pharmacy Rating Adjustment consolidates the following adjustments from Exhibit J
 - Exhibit J - Makena Utilization Increase Adjustment

Attachment 6

Acuity Risk Adjustment

The rate setting methodology incorporates a risk adjustment technique that is designed to adjust the base community rate in each service area to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective members. The risk analysis was performed by the University of Florida's Institute for Child Health Policy (ICHP). The methodology used to incorporate the risk adjustment is the Chronic Illness and Disability Payment System (CDPS). The attached exhibits (provided by ICHP) present a summary of the risk adjustment analysis. There is a separate exhibit for each age group (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 FY2018 premium rates due to the small size of this category and the resulting variation in acuity scores. Risk adjustment was not applied for the Perinate risk groups due to the small variance in the acuity for these members.

TEXAS CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS						
Under Age 1	63	100.00	146.43	146.43	1.00	1.00
Bexar	1	100.00	78.13	262.24	1.00	0.30
Aetna - Bexar	0	0.00	0.00	0.00	0.00	0.00
Amerigroup - Bexar	0	0.00	0.00	0.00	0.00	0.00
CFHP - Bexar	1	100.00	78.13	262.24	1.00	0.30
Superior - Bexar	0	0.00	0.00	0.00	0.00	0.00
Dallas	15	100.00	92.49	171.47	1.00	0.54
Amerigroup - Dallas	7	46.67	68.29	164.39	0.96	0.42
Molina - Dallas	1	6.67	0.00	35.49	0.21	0.00
Parkland - Dallas	7	46.67	142.67	202.48	1.18	0.70
El Paso	1	100.00	589.93	731.42	1.00	0.81
El Paso First - El Paso	1	100.00	589.93	731.42	1.00	0.81
Superior - El Paso	0	0.00	0.00	0.00	0.00	0.00
Harris	19	100.00	81.14	105.33	1.00	0.77
Amerigroup - Harris	1	5.26	49.82	312.04	2.96	0.16
CHC - Harris	2	10.53	82.33	35.49	0.34	2.32
Molina - Harris	0	0.00	0.00	0.00	0.00	0.00
TCHP - Harris	15	78.95	85.45	89.97	0.85	0.95
United - Harris	1	5.26	48.18	35.49	0.34	1.36
Jefferson	2	100.00	47.13	319.03	1.00	0.15
Amerigroup - Jefferson	1	50.00	24.17	35.49	0.11	0.68
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	0	0.00	0.00	0.00	0.00	0.00
United - Jefferson	1	50.00	58.61	460.80	1.44	0.13
Lubbock	1	100.00	182.68	35.49	1.00	5.15
Firstcare - Lubbock	1	100.00	182.68	35.49	1.00	5.15
Superior - Lubbock	0	0.00	0.00	0.00	0.00	0.00
Nueces	1	100.00	88.22	35.49	1.00	2.49
Christus - Nueces	0	0.00	0.00	0.00	0.00	0.00
Driscoll - Nueces	0	0.00	0.00	0.00	0.00	0.00
Superior - Nueces	1	100.00	88.22	35.49	1.00	2.49
RSA	9	100.00	61.76	77.35	1.00	0.80
Molina - RSA	4	44.44	69.82	94.57	1.22	0.74
Superior - RSA	5	55.56	56.82	66.81	0.86	0.85
Tarrant	8	100.00	574.82	159.08	1.00	3.61
Aetna - Tarrant	2	25.00	61.22	157.05	0.99	0.39
Amerigroup - Tarrant	2	25.00	47.58	101.68	0.64	0.47
Cook - Tarrant	4	50.00	2311.80	267.37	1.68	8.65
Travis	6	100.00	67.56	36.65	1.00	1.84
BCBS - Travis	3	50.00	52.20	35.49	0.97	1.47
Dell Children - Travis (Seton)	1	16.67	0.00	35.49	0.97	0.00
Sendero - Travis	1	16.67	154.62	56.29	1.54	2.75
Superior - Travis	1	16.67	108.76	35.49	0.97	3.06

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).

TEXAS CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS						
Age 1-5	75,729	100.00	115.63	115.63	1.00	1.00
Bexar	5,954	100.00	115.47	127.53	1.00	0.91
Aetna - Bexar	663	11.14	98.62	137.07	1.07	0.72
Amerigroup - Bexar	207	3.48	58.68	90.91	0.71	0.65
CFHP - Bexar	3,450	57.94	116.11	126.07	0.99	0.92
Superior - Bexar	1,634	27.44	128.21	131.65	1.03	0.97
Dallas	11,749	100.00	118.70	115.84	1.00	1.02
Amerigroup - Dallas	6,392	54.40	112.22	114.22	0.99	0.98
Molina - Dallas	536	4.56	86.41	109.29	0.94	0.79
Parkland - Dallas	4,821	41.03	130.76	118.68	1.02	1.10
El Paso	2,478	100.00	94.58	109.68	1.00	0.86
El Paso First - El Paso	1,856	74.90	99.82	109.58	1.00	0.91
Superior - El Paso	622	25.10	78.79	109.98	1.00	0.72
Harris	19,423	100.00	135.13	109.57	1.00	1.23
Amerigroup - Harris	1,551	7.99	97.19	86.98	0.79	1.12
CHC - Harris	5,084	26.18	129.43	107.17	0.98	1.21
Molina - Harris	164	0.84	68.93	85.96	0.78	0.80
TCHP - Harris	11,216	57.75	149.62	116.40	1.06	1.29
United - Harris	1,408	7.25	88.26	90.60	0.83	0.97
Jefferson	1,609	100.00	126.13	117.49	1.00	1.07
Amerigroup - Jefferson	79	4.91	53.78	82.73	0.70	0.65
CHC - Jefferson	346	21.50	111.25	104.16	0.89	1.07
Molina - Jefferson	46	2.86	52.74	83.83	0.71	0.63
TCHP - Jefferson	720	44.75	158.68	140.07	1.19	1.13
United - Jefferson	418	25.98	101.61	98.52	0.84	1.03
Lubbock	1,849	100.00	96.50	114.09	1.00	0.85
Firstcare - Lubbock	1,000	54.08	107.60	120.03	1.05	0.90
Superior - Lubbock	849	45.92	83.35	107.05	0.94	0.78
Nueces	1,648	100.00	129.00	116.62	1.00	1.11
Christus - Nueces	95	5.76	95.86	99.71	0.85	0.96
Driscoll - Nueces	1,340	81.31	134.76	119.45	1.02	1.13
Superior - Nueces	213	12.92	106.73	105.98	0.91	1.01
RSA	16,737	100.00	91.58	111.98	1.00	0.82
Molina - RSA	6,244	37.31	81.05	103.89	0.93	0.78
Superior - RSA	10,493	62.69	97.96	116.89	1.04	0.84
Tarrant	9,013	100.00	115.27	126.21	1.00	0.91
Aetna - Tarrant	1,603	17.79	86.42	106.57	0.84	0.81
Amerigroup - Tarrant	3,157	35.03	97.48	119.91	0.95	0.81
Cook - Tarrant	4,253	47.19	138.95	138.06	1.09	1.01
Travis	5,269	100.00	123.03	119.99	1.00	1.03
BCBS - Travis	1,355	25.72	131.66	129.83	1.08	1.01
Dell Children - Travis (Seton)	1,725	32.74	97.27	111.07	0.93	0.88
Sendero - Travis	432	8.20	134.37	95.63	0.80	1.41
Superior - Travis	1,757	33.35	139.59	127.25	1.06	1.10

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						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS						
Age 6-14	212,553	100.00	89.20	89.20	1.00	1.00
Bexar	16,995	100.00	88.63	95.71	1.00	0.93
Aetna - Bexar	1,617	9.51	56.03	90.71	0.95	0.62
Amerigroup - Bexar	441	2.59	55.75	110.22	1.15	0.51
CFHP - Bexar	10,686	62.88	96.55	94.70	0.99	1.02
Superior - Bexar	4,251	25.01	83.95	98.72	1.03	0.85
Dallas	34,129	100.00	83.15	86.02	1.00	0.97
Amerigroup - Dallas	19,108	55.99	77.57	89.04	1.04	0.87
Molina - Dallas	1,371	4.02	61.81	66.92	0.78	0.92
Parkland - Dallas	13,650	40.00	93.11	83.71	0.97	1.11
El Paso	8,012	100.00	68.58	89.88	1.00	0.76
El Paso First - El Paso	5,802	72.42	68.92	91.96	1.02	0.75
Superior - El Paso	2,210	27.58	67.67	84.30	0.94	0.80
Harris	55,450	100.00	105.66	84.57	1.00	1.25
Amerigroup - Harris	5,259	9.48	84.79	75.68	0.89	1.12
CHC - Harris	13,560	24.45	85.95	76.41	0.90	1.12
Molina - Harris	549	0.99	82.23	66.77	0.79	1.23
TCHP - Harris	31,897	57.52	121.33	91.06	1.08	1.33
United - Harris	4,185	7.55	77.75	74.33	0.88	1.05
Jefferson	4,442	100.00	107.90	95.68	1.00	1.13
Amerigroup - Jefferson	207	4.66	142.68	75.23	0.79	1.90
CHC - Jefferson	841	18.93	76.44	85.90	0.90	0.89
Molina - Jefferson	128	2.88	67.06	94.29	0.99	0.71
TCHP - Jefferson	2,017	45.41	129.17	99.51	1.04	1.30
United - Jefferson	1,249	28.12	93.30	99.38	1.04	0.94
Lubbock	4,992	100.00	79.96	88.55	1.00	0.90
Firstcare - Lubbock	2,516	50.40	87.08	93.78	1.06	0.93
Superior - Lubbock	2,476	49.60	72.81	83.30	0.94	0.87
Nueces	4,591	100.00	122.14	102.28	1.00	1.19
Christus - Nueces	272	5.92	86.43	67.02	0.66	1.29
Driscoll - Nueces	3,682	80.20	128.02	106.36	1.04	1.20
Superior - Nueces	637	13.87	102.34	92.97	0.91	1.10
RSA	46,043	100.00	76.16	90.35	1.00	0.84
Molina - RSA	18,028	39.15	68.93	84.63	0.94	0.81
Superior - RSA	28,015	60.85	80.89	94.09	1.04	0.86
Tarrant	24,197	100.00	88.38	94.44	1.00	0.94
Aetna - Tarrant	2,946	12.18	65.04	78.70	0.83	0.83
Amerigroup - Tarrant	8,988	37.15	86.78	90.07	0.95	0.96
Cook - Tarrant	12,263	50.68	95.01	101.30	1.07	0.94
Travis	13,702	100.00	81.97	88.00	1.00	0.93
BCBS - Travis	2,984	21.78	74.21	77.22	0.88	0.96
Dell Children - Travis (Seton)	4,827	35.23	91.72	104.33	1.19	0.88
Sendero - Travis	1,021	7.45	58.62	64.29	0.73	0.91
Superior - Travis	4,870	35.54	81.60	82.84	0.94	0.99

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						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS						
Age 15-18	86,533	100.00	112.52	112.52	1.00	1.00
Bexar	7,264	100.00	90.94	111.47	1.00	0.82
Aetna - Bexar	709	9.76	76.39	101.23	0.91	0.75
Amerigroup - Bexar	213	2.93	39.90	70.57	0.63	0.57
CFHP - Bexar	4,686	64.51	96.26	113.31	1.02	0.85
Superior - Bexar	1,656	22.80	88.13	115.66	1.04	0.76
Dallas	13,015	100.00	99.32	103.58	1.00	0.96
Amerigroup - Dallas	7,371	56.63	93.41	104.81	1.01	0.89
Molina - Dallas	629	4.83	74.10	82.31	0.79	0.90
Parkland - Dallas	5,015	38.53	111.09	104.35	1.01	1.06
El Paso	3,996	100.00	74.62	103.43	1.00	0.72
El Paso First - El Paso	2,891	72.35	75.99	103.91	1.00	0.73
Superior - El Paso	1,105	27.65	70.98	102.16	0.99	0.69
Harris	22,157	100.00	138.19	110.10	1.00	1.26
Amerigroup - Harris	2,303	10.39	130.62	106.93	0.97	1.22
CHC - Harris	5,074	22.90	121.39	95.61	0.87	1.27
Molina - Harris	284	1.28	39.42	51.25	0.47	0.77
TCHP - Harris	12,143	54.80	148.44	118.80	1.08	1.25
United - Harris	2,353	10.62	140.01	105.95	0.96	1.32
Jefferson	1,675	100.00	137.92	114.26	1.00	1.21
Amerigroup - Jefferson	78	4.66	181.37	127.49	1.12	1.42
CHC - Jefferson	245	14.63	83.45	92.64	0.81	0.90
Molina - Jefferson	43	2.57	94.41	120.88	1.06	0.78
TCHP - Jefferson	722	43.10	194.53	128.27	1.12	1.52
United - Jefferson	587	35.04	90.31	104.31	0.91	0.87
Lubbock	1,933	100.00	89.44	116.91	1.00	0.77
Firstcare - Lubbock	956	49.46	85.60	119.51	1.02	0.72
Superior - Lubbock	977	50.54	93.08	114.45	0.98	0.81
Nueces	2,160	100.00	132.22	127.51	1.00	1.04
Christus - Nueces	153	7.08	65.60	93.65	0.73	0.70
Driscoll - Nueces	1,728	80.00	142.34	133.11	1.04	1.07
Superior - Nueces	279	12.92	103.47	109.96	0.86	0.94
RSA	19,962	100.00	103.29	120.26	1.00	0.86
Molina - RSA	8,252	41.34	90.86	101.96	0.85	0.89
Superior - RSA	11,710	58.66	112.20	133.40	1.11	0.84
Tarrant	9,230	100.00	108.35	115.79	1.00	0.94
Aetna - Tarrant	1,288	13.95	83.73	98.23	0.85	0.85
Amerigroup - Tarrant	3,173	34.38	93.28	119.66	1.03	0.78
Cook - Tarrant	4,769	51.67	124.51	117.76	1.02	1.06
Travis	5,141	100.00	131.41	109.80	1.00	1.20
BCBS - Travis	1,057	20.56	125.67	102.93	0.94	1.22
Dell Children - Travis (Seton)	2,127	41.37	156.58	116.85	1.06	1.34
Sendero - Travis	316	6.15	98.53	91.54	0.83	1.08
Superior - Travis	1,641	31.92	107.69	108.20	0.99	1.00

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).

FY2018 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	1.075	0.948	0.908
Amerigroup - Bexar	1.000	0.713	1.152	0.633
CFHP - Bexar	1.000	0.989	0.990	1.016
Superior - Bexar	1.000	1.032	1.031	1.038
Amerigroup - Dallas	1.000	0.986	1.035	1.012
Molina - Dallas	1.000	0.943	0.778	0.795
Parkland - Dallas	1.000	1.025	0.973	1.007
El Paso First - El Paso	1.000	0.999	1.023	1.005
Superior - El Paso	1.000	1.003	0.938	0.988
Amerigroup - Harris	1.000	0.794	0.895	0.971
CHC - Harris	1.000	0.978	0.903	0.868
Molina - Harris	1.000	0.785	0.790	0.465
TCHP - Harris	1.000	1.062	1.077	1.079
United - Harris	1.000	0.827	0.879	0.962
Amerigroup - Jefferson	1.000	0.704	0.786	1.116
CHC - Jefferson	1.000	0.887	0.898	0.811
Molina - Jefferson	1.000	0.714	0.986	1.058
TCHP - Jefferson	1.000	1.192	1.040	1.123
United - Jefferson	1.000	0.839	1.039	0.913
Firstcare - Lubbock	1.000	1.052	1.059	1.022
Superior - Lubbock	1.000	0.938	0.941	0.979
Christus - Nueces	1.000	0.855	0.655	0.734
Driscoll - Nueces	1.000	1.024	1.040	1.044
Superior - Nueces	1.000	0.909	0.909	0.862
Aetna - Tarrant	1.000	0.844	0.833	0.848
Amerigroup - Tarrant	1.000	0.950	0.954	1.033
Cook - Tarrant	1.000	1.094	1.073	1.017
BCBS - Travis	1.000	1.082	0.877	0.937
Sendero - Travis	1.000	0.797	0.731	0.834
Dell Children - Travis (Seton)	1.000	0.926	1.185	1.064
Superior - Travis	1.000	1.061	0.941	0.985
Molina - RSA	1.000	0.928	0.937	0.848
Superior - RSA	1.000	1.044	1.041	1.109

FY2018 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	0.998	0.998	1.001
Amerigroup - Bexar	1.000	0.998	0.998	1.001
CFHP - Bexar	1.000	0.998	0.998	1.001
Superior - Bexar	1.000	0.998	0.998	1.001
Amerigroup - Dallas	1.000	1.000	1.000	1.000
Molina - Dallas	1.000	1.000	1.000	1.000
Parkland - Dallas	1.000	1.000	1.000	1.000
El Paso First - El Paso	1.000	1.000	1.002	1.000
Superior - El Paso	1.000	1.000	1.002	1.000
Amerigroup - Harris	1.000	1.003	1.004	1.004
CHC - Harris	1.000	1.003	1.004	1.004
Molina - Harris	1.000	1.003	1.004	1.004
TCHP - Harris	1.000	1.003	1.004	1.004
United - Harris	1.000	1.003	1.004	1.004
Amerigroup - Jefferson	1.000	1.008	1.006	1.007
CHC - Jefferson	1.000	1.008	1.006	1.007
Molina - Jefferson	1.000	1.008	1.006	1.007
TCHP - Jefferson	1.000	1.008	1.006	1.007
United - Jefferson	1.000	1.008	1.006	1.007
Firstcare - Lubbock	1.000	0.995	0.998	0.998
Superior - Lubbock	1.000	0.995	0.998	0.998
Christus - Nueces	1.000	1.001	1.001	1.002
Driscoll - Nueces	1.000	1.001	1.001	1.002
Superior - Nueces	1.000	1.001	1.001	1.002
Aetna - Tarrant	1.000	1.006	1.005	1.001
Amerigroup - Tarrant	1.000	1.006	1.005	1.001
Cook - Tarrant	1.000	1.006	1.005	1.001
BCBS - Travis	1.000	0.992	1.016	1.009
Sendero - Travis	1.000	0.992	1.016	1.009
Dell Children - Travis (Seton)	1.000	0.992	1.016	1.009
Superior - Travis	1.000	0.992	1.016	1.009
Molina - RSA	1.000	0.987	0.989	0.976
Superior - RSA	1.000	0.987	0.989	0.976

FY2018 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	1.072	0.946	0.909
Amerigroup - Bexar	1.000	0.711	1.150	0.634
CFHP - Bexar	1.000	0.986	0.988	1.018
Superior - Bexar	1.000	1.030	1.030	1.039
Amerigroup - Dallas	1.000	0.986	1.035	1.012
Molina - Dallas	1.000	0.944	0.778	0.795
Parkland - Dallas	1.000	1.025	0.973	1.008
El Paso First - El Paso	1.000	0.999	1.025	1.005
Superior - El Paso	1.000	1.003	0.940	0.988
Amerigroup - Harris	1.000	0.796	0.899	0.975
CHC - Harris	1.000	0.981	0.907	0.872
Molina - Harris	1.000	0.787	0.793	0.467
TCHP - Harris	1.000	1.065	1.081	1.084
United - Harris	1.000	0.829	0.882	0.966
Amerigroup - Jefferson	1.000	0.710	0.791	1.124
CHC - Jefferson	1.000	0.894	0.904	0.817
Molina - Jefferson	1.000	0.719	0.992	1.066
TCHP - Jefferson	1.000	1.202	1.047	1.131
United - Jefferson	1.000	0.845	1.045	0.920
Firstcare - Lubbock	1.000	1.047	1.057	1.020
Superior - Lubbock	1.000	0.934	0.938	0.977
Christus - Nueces	1.000	0.856	0.656	0.736
Driscoll - Nueces	1.000	1.025	1.040	1.046
Superior - Nueces	1.000	0.909	0.910	0.864
Aetna - Tarrant	1.000	0.850	0.838	0.849
Amerigroup - Tarrant	1.000	0.956	0.959	1.034
Cook - Tarrant	1.000	1.101	1.078	1.018
BCBS - Travis	1.000	1.073	0.891	0.946
Sendero - Travis	1.000	0.791	0.742	0.841
Dell Children - Travis (Seton)	1.000	0.918	1.204	1.073
Superior - Travis	1.000	1.052	0.956	0.994
Molina - RSA	1.000	0.915	0.927	0.827
Superior - RSA	1.000	1.030	1.030	1.082

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 FY2018 Community Rates.

Attachment 7

Delivery Supplemental Payment

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

Attachment 8

Pay for Quality Program

The Pay-for-Quality (P4Q) Program creates incentives and disincentives for managed care organizations based on their performance on certain quality measures. Health plans that excel on meeting the measures are eligible for a bonus while health plans that don't meet their measures are subject to a penalty.

The table below provides a description of the at risk and bonus measures for the 2018 calendar year.

<i>At-Risk Measures</i>			
Source	Measure	Description	Data Period
3M	Potentially Preventable Emergency Room Visits (PPVs)	Hospital emergency room or freestanding emergency medical care facility treatment provided for a condition that could be provided in a nonemergency setting	Jan. 1 - Dec. 31 Measurement Year
HEDIS	Weight Assessment and Counseling for Nutrition and Physical Activity for Children and Adolescents (WCC)*	The percentage of members 3–17 years of age who had an outpatient visit with a PCP or OB/GYN and who had evidence of the following: <ul style="list-style-type: none"> • Counseling for nutrition. • Counseling for physical activity. 	Jan. 1 - Dec. 31 Measurement Year
HEDIS	Appropriate Treatment for Children with Upper Respiratory Infection (URI)	Percentage of children 3 months - 18 years of age who were diagnosed with upper respiratory infection and were not dispensed an antibiotic prescription on or three days after the episode	July 1, prior year - June 30, Measurement Year
HEDIS	Adolescent Well Care (AWC)*	The percentage of enrolled members 12–21 years of age who had at least one comprehensive well-care visit with a PCP or OB/GYN	Jan. 1 - Dec. 31 Measurement Year
<i>Bonus Pool Measures</i>			
Source	Measure	Description	Data Period
CAHPS	Children with Good Access to Urgent Care	Percent of caregivers who, when surveyed, responded their child always received urgent care for illness, injury or condition as soon as needed	Surveys conducted between Jan. 1 - Dec. 31 Measurement Year
CAHPS	Caregivers Rating their Child's MCO a 9 or 10	Percent of caregivers who rated their child's MCO a 9 or 10 (on a scale of 0-10) when surveyed	Surveys conducted between Jan. 1 - Dec. 31 Measurement Year
HEDIS	Childhood Immunization	The percentage of children 2 years	Jan. 1, two years

	Status (CIS) Combination 10*	of age who had all immunizations as recommended by the Center for Disease Control and Prevention	prior - Dec. 31 Measurement Year
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The medical P4Q program assesses MCOs based on three categories:

- Performance Against Benchmarks
- Performance Against Self (comparison of an MCO's performance to their prior year performance)
- Bonus pool measures

The performance against self and performance against benchmarks measures are the at-risk components of the program: MCOs can lose money based on their performance on these measures. Utilizing both the performance against self and performance against benchmarks rewards high performing MCOs while still incentivizing improvement regardless of current level of performance. The total percent capitation earned/lost for each at-risk measure in a program is added to determine the total capitation earned/lost for each MCO across all at-risk measures for that program.

The bonus pool measures provide an additional way for MCOs to earn rewards, without the risk of losing money. Bonus pool measures encourage improvement in new areas with no financial risk to the health MCOs.

Three percent of the MCOs' capitation is at-risk. The MCO's at-risk capitation is distributed equally across the at-risk measures. Some HEDIS quality measures have submeasures. The capitation at-risk for that measure will be divided evenly across the submeasures.

The maximum bonus or penalty in the P4Q program is 3.0%; however the typical results are far below these limits.

Historically the impact of the P4Q program on total premium has been immaterial. HHSC performed simulations on the FY2015 managed care data and the average impact by MCO was less than 0.1%. As a result, we do not believe the P4Q program has a material impact on the premium rate development.

Attachment 9

FY2018 CHIP Rate Certification Index

The index below includes the pages of this report that correspond to the applicable sections of the 2017-2018 Medicaid Managed Care Rate Development Guide, dated April 2017.

Section I. Medicaid Managed Care Rates

1. General Information

A. Rate Development Standards

- i. Rates are for the period September 1, 2017 through August 31, 2018 (FY2018).
- ii.
 - (a) The certification letter is on page 15 of the report.
 - (b) The final capitation rates are shown on pages 12-13 of the report.
 - (c) Not applicable.
 - (d)
 - (i) See pages 1 and 4 through 6 of the report.
 - (ii) See page 1 of the report.
 - (iii) See page 1 of the report.
 - (iv) Not applicable.
 - (v) See Attachment 8 pages 112 through 113 of the report.
 - (vi) Not applicable.
- iii. Acknowledged.
- iv. Acknowledged.
- v. Acknowledged.
- vi. Acknowledged.
- vii. Acknowledged.
- viii. Acknowledged.

B. Appropriate Documentation

- i. Acknowledged.

- ii. Acknowledged.
- iii. Not applicable.
- iv. Not applicable.
- v. Not applicable.

2. Data

A. Rate Development Standards

- i. (a) Acknowledged.
(b) Acknowledged.
(c) Acknowledged.
(d) Not applicable.

B. Appropriate Documentation

- i. (a) See pages 1 through 3 of the report.
- ii. (a) See pages 1 through 3 of the report.
(b) See pages 1 through 3 of the report.
(c) See pages 1 through 3 of the report.
(d) Not applicable.
- iii. (a) Base period data is fully credible.
(b) See page 4 of the report.
(c) No errors found in the data.
(d) See pages 8 through 9 of the report.
(e) Value added services and non-capitated services have been excluded from the analysis.

3. Projected benefit Costs and Trends

A. Rate Development Standards

- i. Acknowledged.
- ii. Acknowledged.
- iii. Acknowledged.
- iv. Acknowledged.
- v. Not applicable.
- vi. Not applicable.

B. Appropriate Documentation

- i. See pages 12 through 13 and Attachment 1 pages 17 through 26 of the report.
- ii. See Attachment 3 pages 36 through 81 of the report. There have been no significant changes in the development of the benefit cost since the last certification.
- iii.
 - (a) See Attachment 4 pages 82 through 87 of the report.
 - (b) See Attachment 4 pages 82 through 87 of the report.
 - (c) See Attachment 4 pages 82 through 87 of the report.
 - (d) See Attachment 4 pages 82 through 87 of the report.
 - (e) Not applicable.
- iv. Not applicable.
- v. Not applicable.
- vi.
 - (a) Restorative enrollment can occur when an individual is deemed to have been CHIP eligible during a prior period. If the individual was eligible for and enrolled in CHIP managed care during the prior period, then the individual is retrospectively enrolled in the same managed care plan as their prior enrollment segment. The managed care plan is then retrospectively responsible for all CHIP expenses incurred during this retrospective period and is also paid a retrospective premium for this time period.
 - (b) All claims paid during retroactive enrollment periods are included in the base period data used to develop the FY2018 premium rate.
 - (c) All enrollment data during retroactive enrollment periods are included in the base period data used to develop the FY2018 premium rate.

(d) No adjustments are necessary to account for retroactive enrollment periods because the enrollment criteria has not changed from the base period to the rating period. All retroactive enrollment and claims information has been included in the base period data, the trend calculations and all other adjustment factors.

vii. See Attachment 5 pages 88 through 102 of the report.

viii. See Attachment 5 pages 88 through 102 of the report.

4. Special Contract Provisions Related to Payment

A. Incentive Arrangements

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) See Attachment 8 pages 112 through 113 of the report.

B. Withhold Arrangements

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) See Attachment 8 pages 112 through 113 of the report.

C. Risk-Sharing Arrangements

i. Rate Development Standards

Not applicable.

ii. Appropriate Documentation

HHSC includes an experience rebate provision in its uniform managed care contracts which requires the MCOs to return a portion of net income before taxes if greater than the specified percentages. The net income is measured by the financial statistical reports (FSRs) submitted by the MCOs and audited by an external auditor. Net income is aggregated across all programs and service delivery areas. The aggregated net income is shared as follows:

Pre-tax Income as a % of Revenues	MCO Share	HHSC Share
≤ 3%	100%	0%
> 3% and ≤ 5%	80%	20%
> 5% and ≤ 7%	60%	40%
> 7% and ≤ 9%	40%	60%
> 9% and ≤ 12%	20%	80%
> 12%	0%	100%

D. Delivery System and Provider Payment Initiatives

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) Not applicable.

E. Pass-Through Payments

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) Not applicable.

5. Projected Non-Benefit Costs

A. Rate Development Standards

i. Acknowledged.

ii. Acknowledged.

iii. Acknowledged.

iv. Acknowledged.

v. Acknowledged.

B. Appropriate Documentation

- i. See page 10 of the report.
- ii. See page 10 of the report.
- iii. See page 10 of the report.

6. Risk Adjustment and Acuity Adjustments

A. Rate Development Standards

- i. Acknowledged.
- ii. Acknowledged.
- iii. Acknowledged.

B. Appropriate Documentation

- i. See Attachment 6 pages 103 through 110 of the report.
- ii. Not applicable, risk adjustment is only applied on a prospective basis.
- iii. No material changes have been made to the risk adjustment model other than annual updates of the data since the last rating period.
- iv. Risk adjustment has been applied in a budget neutral manner in accordance with 42 CFR 438.5(g).