

**STATE OF TEXAS
MEDICAID MANAGED CARE
STAR PROGRAM RATE SETTING
NUECES SERVICE DELIVERY AREA
STATE FISCAL YEAR 2007**

Prepared for:
Texas Health and Human Services Commission



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I. Introduction

Effective September 1, 2006 the Medicaid STAR program will implement a new service area. The Nueces Service Delivery Area (SDA) will include nine counties in and around the Corpus Christi metropolitan area. Medicaid clients in the Nueces SDA will be served by three participating HMOs. There will not be a Primary Care Case Management (PCCM) option for clients in this service area.

Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to develop the state fiscal year 2007 (FY2007, September 1, 2006 through August 31, 2007) premium rates for HMOs participating in the Nueces SDA. 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 20 years. We have participated in the state's managed care rating process since its inception in 1993. This year, as in previous years, we have worked closely with HHSC in developing the FY2007 HMO premium rates.

Rudd and Wisdom has relied on the following data sources as provided by HHSC:

- Monthly enrollment by risk group for the Nueces SDA. This includes historical fee-for-service (FFS) plan enrollment since September 2001 and a projection of future enrollment through August 2007.
- FFS claims experience reports for the Nueces service area by risk group for the period September 2001 through February 2006. These reports (ST750 and ST650) include paid claim amounts by month of service. Only those services which are the financial responsibility of the health plan were included in the rating analysis.
- The FY2005 average cost of maternity deliveries in the Nueces service area.
- Information regarding recent changes in covered services and provider reimbursement under the Medicaid plans.
- Medicaid managed care enrollment as a percentage of total program enrollment by SDA and risk group as of December 2005.
- Historical statewide FFS claims experience. This information was used to develop claim payment patterns for use in estimating Nueces area incurred claims for the base period.
- Historical PCCM claims experience by area. This information was used to estimate the allocation of claims cost from the FFS ST650 report by risk group.

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

II. Overview of the Rate Setting Methodology

The nine counties included in the Nueces SDA are:

- Aransas County
- Bee County
- Calhoun County
- Jim Wells County
- Kleberg County
- Nueces County
- Refugio County
- San Patricio County
- Victoria County

The risk groups (or rating populations) included in the analysis are as follows:

- TANF Children Over Age One Year
- TANF Children Under Age One Year
- TANF Adults
- Pregnant Women
- Newborns
- Expansion Children Over Age One Year
- Expansion Children Under Age One Year
- Federal Mandate Children

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
- Comprehensive Care Program Services
- Vision Services
- Hearing Services
- Home Health Services
- Emergency Room Services
- Ambulance Services

Services specifically excluded from the analysis include:

- Prescription Drugs
- Dental and Orthodontia Services

The actuarial model used to derive the FY2007 Nueces SDA premium rates relies primarily on FFS plan financial experience. The historical FFS claims experience by risk group was analyzed and estimates for the base period (FY2005) were developed. These estimates were then projected forward to FY2007 using assumed trend rates. Adjustments to the claim costs were made to reflect benefit and provider reimbursement changes as well as anticipated differences in cost between the FFS and HMO models resulting from timing of enrollment (delayed enrollment) and care management (managed care efficiency). These adjustment factors are discussed in more detail in Section III.

The analysis of base period claims experience for each health plan attempted to identify and adjust for any distortions in the data. Significant variations in experience, including the impact from unusually large individual claims, were investigated and adjustments were made if deemed appropriate.

An administrative expense provision and risk margin were added to the claims component in order to project total FY2007 cost. These projected total cost rates were determined separately for each risk group.

The projected FY2007 average total per-capita cost per risk group is called the unadjusted premium rate. This rate includes provision for all health care and administrative services to be provided by the HMO. This rate is then separated into two pieces – (i) non-maternity related expenses and (ii) maternity expenses. This adjustment is made on a cost neutral basis. The premium rate for non-maternity expenses is called the adjusted premium rate. These are the premium rates that are actually paid to the HMO. The amount paid for maternity expenses is called the Delivery Supplemental Payment. More information on this adjustment is provided in Section III below under Risk Adjustment.

As Medicaid managed care will be new to the Nueces area for FY2007 and no historical information is available to vary the premium rates by health plan, each participating HMO will receive the community rate.

Attachment 1 to this report provides a description of the calculation of the FY2007 adjusted premium rates for the Nueces SDA. Attachment 2 contains a description of the unadjusted premium rates. Attachments 3 through 7 contain analyses of recent Nueces area incurred claims experience.

III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2007 Nueces area STAR rate setting process.

Trend Factors

The rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience under the STAR HMO plans. The trend assumptions vary by risk group and projection year (FY2006 and FY2007).

The Nueces area rating analysis uses the same trend assumptions as those used in the FY2007 STAR rate setting project. Additional information regarding the assumed trends is available from the report titled "State of Texas Medicaid Managed Care STAR Program Rate Setting State Fiscal Year 2007". The chart below presents the assumed annual trend rates for FY2006 and FY2007.

	<u>FY2006</u>	<u>FY2007</u>
TANF Children Over Age 1	4.7%	5.3%
TANF Children Under Age 1	4.7%	5.3%
TANF Adults	5.3%	8.0%
Pregnant Women	3.4%	4.5%
Newborns	10.6%	8.6%
Expansion Children Over Age 1	6.3%	4.2%
Expansion Children Under Age 1	6.3%	4.2%
Federal Mandate Children	2.7%	4.7%

Benefit Change Factors

Effective September 1, 2005, the State restored several services and covered providers that were reduced or eliminated in FY2004. These revisions impact adult clients only. The rate setting process includes adjustments for the estimated cost impact of these revisions. Attachment 8 presents the estimated cost impact from these revisions.

Provider Reimbursement Adjustment

Effective March 1, 2006, a Medicaid provider reimbursement increase was implemented for Nurse Practitioners, Clinical Nurse Specialists, Certified Nurse Midwives, and Certified Registered Nurse Anesthetists. The reimbursement factor for these providers is being increased from .85 to .92. Attachment 9 presents the estimated cost impact from this revision.

Managed Care Participation Rate

Not all of the Medicaid clients in the Nueces service area will be enrolled in managed care. Some clients will be automatically enrolled into the FFS plan until such time as they have had the opportunity to select an HMO. Attachment 10 presents the Medicaid managed care participation rates, as of December 2005, by area and risk group. This information was used to project the percentage of Nueces area clients that would be enrolled in managed care.

Delayed Enrollment Factor

Delayed Enrollment factors are used to measure the difference in average cost for those clients enrolled in managed care relative to those in FFS. Because health care needs can differ for clients in the first couple of months of enrollment in Medicaid as opposed to later months, and because it can take up to two months to enroll in managed care, an adjustment is needed when comparing costs for FFS plan clients and costs for managed care clients. The Nueces rating analysis includes adjustment factors that recognize the anticipated impact from delayed enrollment. Attachment 11 presents our analysis of the delayed enrollment factors.

Managed Care Efficiency Factor

Our rating analysis includes an explicit assumption regarding the anticipated reduction in claims cost resulting from the implementation of managed care. In deriving the managed care efficiency factor, we used the claim cost savings factors by type of service provided by Deloitte Consulting. Attachment 12 shows the application of these savings factors to recent Nueces area FFS claims experience. The Deloitte Consulting factors produced an overall managed care efficiency factor of 17.2% for the Nueces area. In other words, the average claims cost under the HMO model in Nueces will be 17.2% lower than it would have been under the FFS model.

Investment Income Adjustment

An investment income credit was included in the rating process to account for the income expected to be generated between the time the health plan receives the premium from HHSC and the time they pay claims. We have assumed that the value of this timing (or cash flow) difference is 0.25% of premium. Attachment 13 presents our analysis and estimate of the value of this adjustment.

Risk Adjustment

Several risk adjustment techniques are employed in the rate setting methodology. Premium rates are established separately by risk group in order to recognize the inherent demographic variation in the cost of delivering care. In addition, in an attempt to treat the health plans more equitably regarding maternity expenses, the methodology includes a separate rate for maternity services.

The rate setting methodology incorporates a risk adjustment technique that is designed to provide uniform treatment of the health plans for costs related to maternity services.

Maternity cases occur in several risk groups – Pregnant Women, TANF Adults, TANF Children and Federal Mandate Children. As a result, it is possible for one health plan to enroll a higher percentage of TANF Adults, for example, who are pregnant and therefore generally more expensive. In order to recognize the potential inequity that may arise between health plans, HHSC developed this risk adjustment methodology. The goal is to reimburse the plans uniformly for maternity cases.

The State pays a delivery supplemental payment (DSP) for each delivery in a managed care plan. The amount of the payment is a function of the average delivery cost in the service area. The FY2007 DSP amount for the Nueces area will be \$3,103.82 per delivery.

In order to achieve cost neutrality, the projected cost of maternity expenses is subtracted from the unadjusted premium rates. The resulting adjusted premium rates are the rates actually paid to the HMOs, in addition to any DSP amounts.

IV. Administrative Fees and Risk Margin

The rating methodology includes an explicit provision for administrative services. The amount allocated for administrative expenses is \$10.1275 per member per month plus 7.5% of gross premium. This amount is intended to provide for all administrative-related services performed by the HMO.

The administrative fee amounts were determined based on a review of (i) the administrative fee provision included in Medicaid HMO premium rates in other states, (ii) the reported administrative expenses of the STAR HMOs and (iii) the fees paid for similar services for other large Texas health plans.

The premium rates also include a risk margin equal to 2.0% of gross premium.

V. Summary

The chart below presents the results of the FY2007 Nueces SDA STAR rating analysis.

	<u>Monthly Adjusted Premium Rates</u>
TANF Children Over Age One Year	\$ 88.46
TANF Children Under Age One Year	\$ 322.76
TANF Adults	\$ 230.50
Pregnant Women	\$ 292.08
Newborns	\$ 670.99
Expansion Children Over Age One Year	\$ 92.31
Expansion Children Under Age One Year	\$ 322.76
Federal Mandate Children	\$ 67.25

In addition, a delivery supplemental payment is made to the health plan for every maternity delivery in the amount of \$3,103.82.

The above premium rates include provision for 1915(b)(3) waiver services. The STAR HMOs cover annual adult well-checks and adult inpatient hospital days in excess of thirty days. The chart below presents the amount included in the FY2007 Nueces SDA premium rates for 1915(b)(3) waiver services.

	<u>Monthly Adjusted Premium Rates For 1915 (b)(3) Services</u>
TANF Adults	\$ 3.85
Pregnant Women	\$ 2.56

VI. Actuarial Certification of FY2007 Nueces SDA STAR Premium Rates

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

Rudd and Wisdom has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their state fiscal year 2007 (FY2007) managed care rate-setting methodology, assumptions and resulting premium rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c).

I certify that the FY2007 Nueces SDA STAR HMO premium rates developed by HHSC and Rudd and Wisdom satisfy the following:

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

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

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



David G. Wilkes, F.S.A., M.A.A.A.

VII. Attachments

Attachment 1

FY2007 STAR Nueces SDA Adjusted Premium Rates

The attached exhibit presents summary information regarding the FY2007 adjusted premium rates for the new STAR Nueces SDA. The exhibit shows the calculation of the adjusted premium rates from the unadjusted premium rates (derived in Attachment 2).

The average per-capita total cost is called the unadjusted premium rate. This rate includes provision for all health care and administrative services to be provided by the HMO. This rate is then separated into two pieces – (i) non-maternity related expenses and (ii) maternity expenses. This adjustment is made on a cost neutral basis. The premium rate for non-maternity expenses is called the adjusted premium rate. These are the premium rates that are actually paid to the HMO. The amount paid for maternity expenses is called the delivery supplemental payment (DSP). Additional information regarding the DSP is contained in Section III of this report.

FY2007 Nueces Area STAR Rating
Adjusted Premium Rate Calculation

	TANF Children age 1+	TANF Children <1	TANF Adults	Pregnant Women	Newborns	Expansion Children age 1+	Expansion Children <1	Federal Mandate Children	Total
Projected FY2007 Member Months (1)	62,204	4,042	17,857	48,519	77,264	183,031	5,347	270,400	668,664
FY2007 Unadjusted Premium Rate (1)	\$ 91.41	\$ 322.76	\$ 258.71	\$ 589.24	\$ 670.99	\$ 92.31	\$ 322.76	\$ 68.49	\$ 193.20
FY2007 Unadjusted Premium (2)	5,686,068	1,304,596	4,619,784	28,589,336	51,843,371	16,895,592	1,725,798	18,519,696	129,184,240
Assumed Annual Birth Rate per 1,000 (3)	0.95	0.00	9.09	95.74	0.00	0.00	0.00	0.40	
Projected FY2007 Number of Births (4)	59.09	0.00	162.32	4,645.21	0.00	0.00	0.00	108.16	4,974.78
DSP Amount per Birth (5)	3,103.82	3,103.82	3,103.82	3,103.82	3,103.82	3,103.82	3,103.82	3,103.82	
Projected FY2007 DSP Payments (6)	183,417	0	503,812	14,417,893	0	0	0	335,709	15,440,831
Projected FY2007 Adjusted Premium (7)	5,502,651	1,304,596	4,115,972	14,171,443	51,843,371	16,895,592	1,725,798	18,183,987	113,743,409
FY2007 Adjusted Premium Rate (8)	\$ 88.46	\$ 322.76	\$ 230.50	\$ 292.08	\$ 670.99	\$ 92.31	\$ 322.76	\$ 67.25	\$ 170.11

Footnotes:

- (1) From Attachment 2.
- (2) Equals member months times unadjusted rates.
- (3) FY2005 experience for all STAR HMOs combined.
- (4) Equals member months times birth rate.
- (5) Delivery Supplemental Payment. Based on average cost of delivery in the Nueces service area.
- (6) Equals Projected FY2007 births times DSP amount.
- (7) Equals Unadjusted premium minus DSP Payments.
- (8) Equals Projected FY2007 Adjusted Premium divided by member months.

Attachment 2

FY2007 STAR Nueces SDA Unadjusted Premium Rates

The following exhibit presents a summary of the calculation of the unadjusted premium rates. The unadjusted premium rate includes provision for all health care and administrative services to be provided by the HMO, including maternity-related expenses. The derivation of the adjusted premium rates - the premium rates actually paid to the HMO - is presented in Attachment 1.

The top portion of the exhibit shows summary base period (FY2005) enrollment and claims experience by risk group. Next is projected FY2007 Nueces SDA enrollment. These figures include total membership for the area including both FFS and managed care enrollment. Trend assumptions for FY2006 and FY2007 are used to project the average base period claims cost to FY2007. These are the same trend assumptions as those used in developing the FY2007 STAR rates for all other SDAs.

HHSC's managed care rate structure for TANF Children include separate categories for (a) those under age one and (b) those over age one. Some of the claims experience reports used in the rating analysis do not split TANF Children into the two categories. Therefore, we have assumed that the average FFS plan incurred claims per member per month (pmpm) is the same for TANF Children under age one as it is for Expansion Children under age one. We then determined the TANF Children over age one incurred claims rate by using the TANF Children total and TANF Children under age one claims.

The rating analysis includes adjustment factors for benefit and provider reimbursement changes between the base period and projection period. The managed care participation rate is the percentage of total area member months that are assumed to be enrolled in managed care. Applying this factor to total projected FY2007 membership yields projected FY2007 managed care member months.

The delayed enrollment factor is used to measure the difference in average cost for those clients enrolled in managed care relative to those in FFS. Additional information regarding this factor is provided in Section III and Attachment 11. Applying the benefit change, provider reimbursement and delayed enrollment adjustment factors to the projected average FFS incurred claims pmpm yields the FY2007 adjusted average FFS incurred claims pmpm. This is the projected FY2007 claims cost under the FFS model for those clients who will be enrolled in managed care.

The managed care efficiency factor is the anticipated reduction in FFS claims cost resulting from the implementation of managed care. Additional information regarding this factor is provided in Section III and Attachment 12. Applying the managed care efficiency factor to the adjusted average FFS incurred claims pmpm yields the projected FY2007 managed care incurred claims pmpm.

The rating analysis includes provision for administrative expenses in the amount of \$10.1275 pmpm and 7.5% of gross premium. A risk margin is also included at 2.0% of gross premium. An investment income credit was included in the rating process to account for the income expected to be generated between the time the health plan receives the premium from HHSC and

the time they pay claims. Additional information regarding this factor is provided in Section III and Attachment 13.

The final calculation on the exhibit is the FY2007 unadjusted premium rate pmpm. The footnotes at the bottom of the exhibit are intended to provide assistance in following the calculation of the unadjusted rates.

FY2007 Nueces Area STAR Rating
Unadjusted Premium Rate Calculation (1)

	TANF Ch Over Age 1	TANF Ch <1	TANF Children	TANF Adults	Pregnant Women	Newborns	Exp Ch Over Age 1	Exp Ch <1	Federal Mandate Children	Total
FY2005 FFS Experience										
Member Months	108,194	6,743	114,937	33,574	56,296	70,305	249,030	10,531	356,730	891,403
Estimated Incurred Claims										
ST750 Services (2)			12,741,733	7,077,762	28,047,144	42,046,518	15,814,119	6,376,754	19,308,866	131,412,896
ST650 Services (3)	1,449,118	181,359	1,630,477	337,621	1,982,861	2,567,542	4,696,524	453,045	3,430,384	15,098,454
Total			14,372,210	7,415,383	30,030,005	44,614,060	20,510,643	6,829,799	22,739,251	146,511,350
Estimated Incurred Claims pmpm			125.04	220.87	533.43	634.58	82.36	648.54	63.74	164.36
FY2007 Projected FFS Experience										
Proj FY2007 Member Months (4)	95,405	5,900	101,305	26,454	59,900	80,651	221,052	9,315	332,187	830,864
Assumed Annual Cost Trends										
FY2006	4.7 %	4.7 %	4.7 %	5.3 %	3.4 %	10.6 %	6.3 %	6.3 %	2.7 %	
FY2007	5.3 %	5.3 %	5.3 %	8.0 %	4.5 %	8.6 %	4.2 %	4.2 %	4.7 %	
Proj FY2007 FFS Incurred Claims (5)			13,965,895	6,644,732	34,525,379	61,472,696	20,166,190	6,691,480	22,768,595	166,234,966
Projected Average FFS Plan Incurred Claims pmpm (6)	101.96	718.36	137.86	251.18	576.39	762.20	91.23	718.36	68.54	200.07
Benefit Change Factor (7)	1.000	1.000		1.003	1.003	1.000	1.000	1.000	1.000	
Provider Reimbursement Adj (8)	1.0006	1.0006		1.0006	1.0006	1.0006	1.0006	1.0006	1.0006	
Assumed MC Participation Rate (9)	0.652	0.685		0.675	0.810	0.958	0.828	0.574	0.814	
Projected MC Member Months (10)	62,204	4,042		17,857	48,519	77,264	183,031	5,347	270,400	668,664
Delayed Enrollment Factor (11)	0.862	0.475		1.076	1.095	0.948	0.974	0.475	0.916	
Adjusted Average FFS Plan Incurred Claims pmpm (12)	87.94	341.42		271.24	633.42	723.00	88.91	341.42	62.82	199.46
Managed Care Efficiency (13)	17.2 %	17.2 %		17.2 %	17.2 %	17.2 %	17.2 %	17.2 %	17.2 %	

FY2007 Nueces Area STAR Rating
Unadjusted Premium Rate Calculation (1)

	TANF Ch	TANF Ch	TANF	TANF	Pregnant	Newborns	Exp Ch	Exp Ch	Federal	
	Over Age 1	<1	Children	Adults	Women		Over Age 1	<1	Mandate Children	
Proj MC Inc. Claims pmpm (14)	72.81	282.70		224.59	524.47	598.64	73.62	282.70	52.01	165.15
Administrative Expenses										
Fixed Amount (pmpm)	10.1275	10.1275		10.1275	10.1275	10.1275	10.1275	10.1275	10.1275	10.1275
Percentage of Premium	7.50 %	7.50 %		7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %
Risk Charge	2.0 %	2.0 %		2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Investment Income Factor (15)	0.9975	0.9975		0.9975	0.9975	0.9975	0.9975	0.9975	0.9975	0.9975
Unadjusted Premium Rate pmpm (16)	91.41	322.76		258.71	589.24	670.99	92.31	322.76	68.49	193.20

Footnotes:

- (1) Projected Medicaid experience for the 9-county Nueces SDA.
- (2) From Attachment 3.
- (3) From Attachment 6.
- (4) Projected FY2007 enrollment provided by HHSC Actuarial Analysis Division. Based on experience through 3/31/2006.
- (5) Equals Projected FY2007 Member Months times FY2005 Estimated Incurred Claims pmpm times one plus the FY2006 trend rates times one plus the FY2007 trend rate.
- (6) Equals Projected FY2007 FFS Incurred Claims divided by FY2007 Member Months. The rate for TANF Children Under Age One is set equal to the rate for Expansion Children Under Age One. The rate for TANF Children Over Age One is then calculated using the rates for total TANF Children and TANF Children Under Age One.
- (7) From Attachment 8.
- (8) From Attachment 9.
- (9) From Attachment 10.
- (10) Equals Projected FY2007 Member Months times Assumed Managed Care Participation Rate.
- (11) From Attachment 11. Equals the expected average cost for managed care members relative to all members. Based on an analysis of existing managed care areas.
- (12) Equals Projected Average FFS Plan Incurred Claims pmpm times Benefit Change Adjustment Factor times Provider Reimbursement Adjustment times Delayed Enrollment Factor.
- (13) From Attachment 12. Equals the assumed reduction in claims cost resulting from managed care.
- (14) Equals Adjusted Average FFS Plan Incurred Claims pmpm times one minus Managed Care Efficiency.
- (15) From Attachment 13.
- (16) Equals Projected Managed Care Incurred Claims pmpm plus fixed portion of the administrative expense provision divided by one minus percentage portion of the administrative expense provision minus Risk Charge rate multiplied by the Investment Income Factor.

Attachment 3

Incurred Claims Analysis – ST750 Report

The attached exhibits present our analysis of Fee-for-Service (FFS) plan incurred claims experience for the Nueces SDA for those services included in the ST750 report. There is a separate exhibit for each risk group. Each exhibit includes the following information: (i) monthly enrollment, (ii) claim amounts incurred in that month and paid through February 28, 2006, (iii) estimated proportion of that month's incurred claims paid through February 28, 2006 (completion factor), (iv) estimated incurred claims, (v) estimated incurred claims per member per month (pmpm) and (vi) the ratio of this month's incurred claims pmpm to the same statistic from one year ago (trend factor). The completion factors used in this analysis are documented in Attachment 4.

FY2007 Nueces Area STAR Rating
Incurred Claims Analysis
ST750 Services - TANF Children

Month	RMs	Incurred and Paid Claims	Completion Factor	Estimated Incurred Claims	Incurred Claims pmpm	Trend Factor
200309	14,284	1,144,410	1.000	1,144,410	80.12	0.884
200310	14,146	1,556,300	1.000	1,556,300	110.02	1.051
200311	13,205	1,182,905	1.000	1,183,140	89.60	1.005
200312	12,723	1,131,167	1.000	1,131,167	88.91	0.958
200401	12,088	1,278,359	1.000	1,278,359	105.75	0.879
200402	11,478	1,179,068	1.000	1,179,068	102.72	0.923
200403	11,008	1,012,446	1.000	1,012,446	91.97	0.884
200404	10,573	945,207	1.000	945,207	89.40	0.896
200405	10,379	916,269	1.000	916,269	88.28	0.902
200406	10,144	789,708	1.000	789,708	77.85	0.913
200407	10,114	762,281	1.000	762,281	75.37	0.935
200408	10,138	933,264	1.000	933,264	92.06	1.155
200409	10,191	1,315,281	1.000	1,315,281	129.06	1.611
200410	10,197	1,021,380	1.000	1,021,380	100.16	0.910
200411	10,179	1,074,960	1.000	1,074,960	105.61	1.179
200412	10,100	1,102,163	1.000	1,102,163	109.13	1.227
200501	9,985	1,139,515	1.000	1,139,515	114.12	1.079
200502	9,806	1,247,722	1.000	1,247,722	127.24	1.239
200503	9,552	1,352,881	1.000	1,352,881	141.63	1.540
200504	9,321	948,944	0.999	949,893	101.91	1.140
200505	9,127	929,781	0.983	945,861	103.63	1.174
200506	8,919	834,865	0.962	867,844	97.30	1.250
200507	8,813	716,414	1.000	716,414	81.29	1.079
200508	8,747	1,002,780	0.995	1,007,819	115.22	1.252
200509	8,618	763,365	0.985	774,990	89.93	0.697
200510	8,542	919,387	0.980	938,150	109.82	1.096
200511	8,487	848,465	0.929	913,310	107.61	1.019
200512	8,388	919,055	0.929	989,295	117.95	1.081
200601	8,262	890,170	0.845	1,053,456	127.50	1.117
200602	8,065	425,727	0.456	933,611	115.76	0.910
FY2002	197,550	18,464,412		18,464,412	93.47	
FY2003	182,238	17,586,294		17,586,294	96.50	1.032
FY2004	140,280	12,831,383		12,831,618	91.47	0.948
FY2005	114,937	12,686,687		12,741,733	110.86	1.212

FY2007 Nueces Area STAR Rating
Incurred Claims Analysis
ST750 Services - TANF Adults

Month	RMs	Incurred and Paid Claims	Completion Factor	Estimated Incurred Claims	Incurred Claims pmpm	Trend Factor
200309	4,404	1,066,179	1.000	1,066,179	242.09	1.207
200310	4,287	863,883	1.000	863,883	201.51	0.932
200311	3,920	753,050	1.000	753,050	192.10	1.041
200312	3,782	775,852	1.000	775,852	205.14	1.216
200401	3,668	845,763	1.000	845,763	230.58	1.181
200402	3,474	750,481	1.000	750,481	216.03	1.158
200403	3,344	755,798	1.000	755,798	226.02	1.281
200404	3,207	616,772	1.000	616,772	192.32	0.949
200405	3,153	693,165	1.000	693,165	219.84	1.047
200406	3,143	682,313	1.000	682,313	217.09	0.895
200407	3,137	720,634	1.000	720,634	229.72	0.989
200408	3,146	807,305	1.000	807,305	256.61	1.271
200409	3,116	754,276	1.000	754,276	242.07	1.000
200410	3,062	667,082	1.000	667,082	217.86	1.081
200411	2,999	629,690	1.000	629,690	209.97	1.093
200412	2,933	551,505	1.000	551,505	188.03	0.917
200501	2,936	584,608	1.000	584,608	199.12	0.864
200502	2,792	559,662	1.000	559,662	200.45	0.928
200503	2,731	638,597	1.000	638,597	233.83	1.035
200504	2,688	530,905	1.000	530,905	197.51	1.027
200505	2,609	545,168	0.995	547,907	210.01	0.955
200506	2,578	529,903	0.998	530,965	205.96	0.949
200507	2,572	511,683	0.996	513,738	199.74	0.870
200508	2,558	567,121	0.997	568,828	222.37	0.867
200509	2,506	434,172	0.982	442,131	176.43	0.729
200510	2,453	527,877	0.980	538,650	219.63	1.008
200511	2,391	575,016	0.965	595,871	249.20	1.187
200512	2,330	501,867	0.928	540,804	232.08	1.234
200601	2,262	440,853	0.816	540,261	238.79	1.199
200602	2,143	203,878	0.411	496,055	231.51	1.155
FY2002	71,655	13,596,444		13,596,444	189.75	
FY2003	66,863	13,435,777		13,435,777	200.94	1.059
FY2004	42,665	9,331,196		9,331,196	218.71	1.088
FY2005	33,574	7,070,200		7,077,762	210.81	0.964

FY2007 Nueces Area STAR Rating
Incurred Claims Analysis
ST750 Services - Pregnant Women

Month	RMs	Incurred and Paid Claims	Completion Factor	Estimated Incurred Claims	Incurred Claims pmpm	Trend Factor
200309	4,242	2,156,535	1.000	2,156,535	508.38	0.989
200310	4,269	2,189,583	1.000	2,189,583	512.90	0.997
200311	4,282	2,000,538	1.000	2,000,538	467.20	0.965
200312	4,253	2,280,539	1.000	2,280,539	536.22	1.073
200401	4,360	2,308,754	1.000	2,308,754	529.53	1.018
200402	4,401	2,206,863	1.000	2,206,863	501.45	1.034
200403	4,492	2,280,398	1.000	2,280,398	507.66	1.022
200404	4,532	2,179,277	1.000	2,179,277	480.86	1.008
200405	4,579	2,152,982	1.000	2,152,982	470.19	0.954
200406	4,689	2,372,182	1.000	2,372,182	505.90	1.061
200407	4,741	2,419,413	1.000	2,419,413	510.32	0.984
200408	4,793	2,470,482	1.000	2,470,482	515.44	0.983
200409	4,719	2,387,717	1.000	2,387,717	505.98	0.995
200410	4,673	2,301,253	1.000	2,301,253	492.46	0.960
200411	4,675	2,226,701	1.000	2,226,701	476.30	1.019
200412	4,592	2,327,174	1.000	2,327,174	506.79	0.945
200501	4,636	2,489,359	1.000	2,489,359	536.96	1.014
200502	4,620	2,092,102	1.000	2,092,102	452.84	0.903
200503	4,648	2,318,488	1.000	2,318,488	498.81	0.983
200504	4,646	2,262,351	1.000	2,262,351	486.95	1.013
200505	4,670	2,275,702	0.998	2,280,263	488.28	1.038
200506	4,741	2,457,295	1.000	2,457,295	518.31	1.025
200507	4,779	2,288,510	1.000	2,288,510	478.87	0.938
200508	4,897	2,615,932	1.000	2,615,932	534.19	1.036
200509	4,815	2,360,806	0.997	2,367,910	491.78	0.972
200510	4,800	2,555,031	0.991	2,578,235	537.15	1.091
200511	4,731	2,344,812	0.984	2,382,939	503.63	1.057
200512	4,660	2,324,999	0.951	2,444,794	524.69	1.035
200601	4,760	2,261,458	0.866	2,611,383	548.60	1.022
200602	4,753	1,147,303	0.457	2,510,510	528.18	1.166
FY2002	48,633	24,297,881		24,297,881	499.62	
FY2003	47,895	23,971,780		23,971,780	500.51	1.002
FY2004	53,633	27,017,546		27,017,546	503.75	1.006
FY2005	56,296	28,042,583		28,047,144	498.21	0.989

FY2007 Nueces Area STAR Rating
Incurred Claims Analysis
ST750 Services - Newborns

Month	RMs	Incurred and Paid Claims	Completion Factor	Estimated Incurred Claims	Incurred Claims pmpm	Trend Factor
200309	5,175	2,729,865	1.000	2,729,865	527.51	1.240
200310	5,212	2,950,784	1.000	2,950,784	566.15	1.199
200311	5,192	2,977,747	1.000	2,977,747	573.53	0.967
200312	5,289	3,239,530	1.000	3,239,530	612.50	1.033
200401	5,402	4,102,613	1.000	4,102,613	759.46	1.213
200402	5,477	3,525,707	1.000	3,525,707	643.73	1.153
200403	5,574	3,410,849	1.000	3,410,849	611.92	1.095
200404	5,572	2,677,957	1.000	2,677,957	480.61	0.978
200405	5,625	3,306,925	1.000	3,306,925	587.90	1.043
200406	5,677	3,315,805	1.000	3,315,805	584.08	1.173
200407	5,762	2,913,411	1.000	2,913,411	505.62	0.757
200408	5,733	2,958,692	1.000	2,958,692	516.08	1.093
200409	5,764	3,352,825	1.000	3,352,825	581.68	1.103
200410	5,780	3,057,822	1.000	3,057,822	529.04	0.934
200411	5,810	3,430,997	1.000	3,430,997	590.53	1.030
200412	5,922	3,944,138	1.000	3,944,138	666.01	1.087
200501	5,928	3,689,239	1.000	3,689,239	622.34	0.819
200502	5,837	3,500,692	1.000	3,500,692	599.74	0.932
200503	5,833	4,307,785	1.000	4,307,785	738.52	1.207
200504	5,818	3,208,703	0.992	3,234,580	555.96	1.157
200505	5,839	3,617,621	0.978	3,698,999	633.50	1.078
200506	5,898	3,753,177	0.992	3,783,445	641.48	1.098
200507	5,909	2,901,609	0.996	2,913,262	493.02	0.975
200508	5,967	2,988,629	0.954	3,132,735	525.01	1.017
200509	5,987	3,312,071	0.993	3,335,419	557.11	0.958
200510	6,034	4,244,819	0.948	4,477,657	742.06	1.403
200511	6,057	3,894,929	0.920	4,233,618	699.00	1.184
200512	6,127	3,548,510	0.827	4,290,822	700.35	1.052
200601	6,169	3,128,982	0.627	4,990,402	808.90	1.300
200602	6,189	897,673	0.215	4,175,223	674.64	1.125
FY2002	60,686	38,274,497		38,274,497	630.70	
FY2003	61,321	33,312,493		33,312,493	543.25	0.861
FY2004	65,690	38,109,887		38,109,887	580.15	1.068
FY2005	70,305	41,753,237		42,046,518	598.06	1.031

FY2007 Nueces Area STAR Rating
Incurred Claims Analysis
ST750 Services - Expansion Children (Over Age 1)

Month	RMs	Incurred and Paid Claims	Completion Factor	Estimated Incurred Claims	Incurred Claims pmpm	Trend Factor
200309	17,369	992,446	1.000	992,446	57.14	1.074
200310	17,784	1,127,278	1.000	1,127,278	63.39	1.044
200311	18,113	1,342,327	1.000	1,342,327	74.11	1.222
200312	18,419	1,543,353	1.000	1,543,353	83.79	1.232
200401	18,666	1,556,700	1.000	1,556,700	83.40	1.185
200402	18,740	1,364,096	1.000	1,364,096	72.79	0.988
200403	19,102	1,291,151	1.000	1,291,151	67.59	0.901
200404	19,438	1,154,485	1.000	1,154,485	59.39	0.975
200405	19,738	1,203,568	1.000	1,203,568	60.98	1.080
200406	19,922	1,085,064	1.000	1,085,064	54.47	1.121
200407	20,155	957,450	1.000	957,450	47.50	1.074
200408	20,477	1,179,928	1.000	1,179,928	57.62	1.244
200409	20,602	1,034,912	1.000	1,034,912	50.23	0.879
200410	20,587	1,282,824	1.000	1,282,824	62.31	0.983
200411	20,539	1,315,519	1.000	1,315,519	64.05	0.864
200412	20,479	1,302,817	1.000	1,302,817	63.62	0.759
200501	20,538	1,340,368	1.000	1,340,368	65.26	0.783
200502	20,648	1,762,880	1.000	1,762,880	85.38	1.173
200503	20,749	1,607,796	1.000	1,607,796	77.49	1.146
200504	20,829	1,493,569	0.999	1,495,064	71.78	1.209
200505	20,898	1,238,739	0.999	1,239,979	59.33	0.973
200506	21,040	1,210,008	0.999	1,211,219	57.57	1.057
200507	20,925	1,064,904	0.998	1,067,038	50.99	1.073
200508	21,196	1,153,703	1.000	1,153,703	54.43	0.945
200509	20,824	1,112,637	0.989	1,125,012	54.02	1.075
200510	20,866	1,267,037	0.983	1,288,949	61.77	0.991
200511	20,806	1,493,715	0.979	1,525,756	73.33	1.145
200512	20,602	1,576,127	0.934	1,687,502	81.91	1.288
200601	20,403	1,751,866	0.849	2,063,446	101.13	1.550
200602	19,924	722,862	0.457	1,581,754	79.39	0.930
FY2002	154,709	10,111,356		10,111,356	65.36	
FY2003	193,565	11,546,218		11,546,218	59.65	0.913
FY2004	227,923	14,797,845		14,797,845	64.92	1.088
FY2005	249,030	15,808,039		15,814,119	63.50	0.978

FY2007 Nueces Area STAR Rating
Incurred Claims Analysis
ST750 Services - Expansion Children (Under Age 1)

Month	RMs	Incurred and Paid Claims	Completion Factor	Estimated Incurred Claims	Incurred Claims pmpm	Trend Factor
200309	808	397,004	1.000	397,004	491.34	1.468
200310	791	140,980	1.000	140,980	178.23	0.246
200311	840	363,059	1.000	363,059	432.21	0.706
200312	843	289,779	1.000	289,779	343.75	0.749
200401	839	658,398	1.000	658,398	784.74	1.921
200402	821	504,146	1.000	504,146	614.06	1.500
200403	843	236,872	1.000	236,872	280.99	0.491
200404	855	213,833	1.000	213,833	250.10	0.768
200405	820	258,633	1.000	258,633	315.41	1.736
200406	845	421,025	1.000	421,025	498.25	1.932
200407	835	378,712	1.000	378,712	453.55	3.096
200408	839	174,490	1.000	174,490	207.97	0.687
200409	866	768,678	1.000	768,678	887.62	1.807
200410	878	965,561	1.000	965,561	1,099.73	6.170
200411	875	651,535	1.000	651,535	744.61	1.723
200412	852	683,354	1.000	683,354	802.06	2.333
200501	851	487,852	1.000	487,852	573.27	0.731
200502	855	555,033	1.000	555,033	649.16	1.057
200503	881	686,589	1.000	686,589	779.33	2.774
200504	914	311,174	0.982	316,878	346.69	1.386
200505	907	436,467	1.000	436,467	481.22	1.526
200506	877	336,688	0.984	342,163	390.15	0.783
200507	882	194,487	0.964	201,750	228.74	0.504
200508	893	271,624	0.967	280,894	314.55	1.512
200509	877	266,272	0.923	288,485	328.95	0.371
200510	879	256,498	0.933	274,918	312.76	0.284
200511	877	340,167	0.917	370,956	422.98	0.568
200512	868	267,469	0.794	336,862	388.09	0.484
200601	860	239,830	0.528	454,223	528.17	0.921
200602	840	84,726	0.150	564,843	672.43	1.036
FY2002	9,070	4,219,328		4,219,328	465.20	
FY2003	9,955	3,926,050		3,926,050	394.38	0.848
FY2004	9,979	4,036,930		4,036,930	404.54	1.026
FY2005	10,531	6,349,043		6,376,754	605.52	1.497

FY2007 Nueces Area STAR Rating
Incurred Claims Analysis
ST750 Services - Federal Mandate Children

Month	RMs	Incurred and Paid Claims	Completion Factor	Estimated Incurred Claims	Incurred Claims pmpm	Trend Factor
200309	24,555	1,385,917	1.000	1,385,917	56.44	1.098
200310	24,927	1,323,148	1.000	1,323,148	53.08	0.899
200311	25,401	1,272,006	1.000	1,272,006	50.08	0.970
200312	25,804	1,265,971	1.000	1,265,971	49.06	1.012
200401	26,115	1,382,301	1.000	1,382,301	52.93	0.874
200402	26,300	1,339,708	1.000	1,339,708	50.94	0.931
200403	26,748	1,550,066	1.000	1,550,066	57.95	1.033
200404	27,102	1,527,826	1.000	1,527,826	56.37	1.034
200405	27,506	1,457,009	1.000	1,457,009	52.97	1.018
200406	28,000	1,489,411	1.000	1,489,411	53.19	1.087
200407	28,436	1,426,691	1.000	1,426,691	50.17	0.981
200408	29,055	1,685,976	1.000	1,685,976	58.03	1.144
200409	29,476	1,601,403	1.000	1,601,403	54.33	0.963
200410	29,570	1,673,993	1.000	1,673,993	56.61	1.067
200411	29,723	1,505,148	1.000	1,505,148	50.64	1.011
200412	29,599	1,415,585	1.000	1,415,585	47.83	0.975
200501	29,614	1,677,452	1.000	1,677,452	56.64	1.070
200502	29,565	1,765,065	1.000	1,765,065	59.70	1.172
200503	29,472	1,703,507	1.000	1,703,507	57.80	0.997
200504	29,833	1,645,449	0.996	1,652,057	55.38	0.982
200505	29,750	1,678,973	0.996	1,685,716	56.66	1.070
200506	29,852	1,556,068	0.994	1,565,460	52.44	0.986
200507	29,814	1,287,954	0.991	1,299,651	43.59	0.869
200508	30,462	1,763,830	1.000	1,763,830	57.90	0.998
200509	30,289	1,551,309	0.987	1,571,741	51.89	0.955
200510	30,313	2,011,573	0.988	2,036,005	67.17	1.186
200511	30,187	1,739,458	0.963	1,806,291	59.84	1.182
200512	29,773	1,436,861	0.946	1,518,881	51.02	1.067
200601	29,500	1,519,446	0.830	1,830,658	62.06	1.096
200602	28,765	695,057	0.438	1,586,889	55.17	0.924
FY2002	216,637	11,463,028		11,463,028	52.91	
FY2003	274,792	14,629,329		14,629,329	53.24	1.006
FY2004	319,949	17,106,029		17,106,029	53.46	1.004
FY2005	356,730	19,274,426		19,308,866	54.13	1.012

FY2007 Nueces Area STAR Rating
Incurred Claims Analysis
ST750 Services - All Risk Groups

Month	RMs	Incurred and Paid Claims	Completion Factor	Estimated Incurred Claims	Incurred Claims pmpm	Trend Factor
200309	70,837	9,872,357	1.000	9,872,357	139.37	1.050
200310	71,416	10,151,956	1.000	10,151,956	142.15	0.957
200311	70,953	9,891,633	1.000	9,891,868	139.41	0.964
200312	71,113	10,526,191	1.000	10,526,191	148.02	1.033
200401	71,138	12,132,887	1.000	12,132,887	170.55	1.073
200402	70,691	10,870,068	1.000	10,870,068	153.77	1.043
200403	71,111	10,537,580	1.000	10,537,580	148.18	1.000
200404	71,279	9,315,357	1.000	9,315,357	130.69	0.960
200405	71,800	9,988,550	1.000	9,988,550	139.12	1.004
200406	72,420	10,155,508	1.000	10,155,508	140.23	1.075
200407	73,180	9,578,592	1.000	9,578,592	130.89	0.921
200408	74,181	10,210,137	1.000	10,210,137	137.64	1.077
200409	74,734	11,215,092	1.000	11,215,092	150.07	1.077
200410	74,747	10,969,914	1.000	10,969,914	146.76	1.032
200411	74,800	10,834,549	1.000	10,834,549	144.85	1.039
200412	74,477	11,326,736	1.000	11,326,736	152.08	1.027
200501	74,488	11,408,393	1.000	11,408,393	153.16	0.898
200502	74,123	11,483,154	1.000	11,483,154	154.92	1.007
200503	73,866	12,615,643	1.000	12,615,643	170.79	1.153
200504	74,049	10,401,095	0.996	10,441,729	141.01	1.079
200505	73,800	10,722,450	0.990	10,835,191	146.82	1.055
200506	73,905	10,678,004	0.993	10,758,390	145.57	1.038
200507	73,694	8,965,562	0.996	9,000,364	122.13	0.933
200508	74,720	10,363,619	0.985	10,523,739	140.84	1.023
200509	73,916	9,800,632	0.989	9,905,688	134.01	0.893
200510	73,887	11,782,222	0.971	12,132,564	164.20	1.119
200511	73,537	11,236,562	0.950	11,828,742	160.85	1.111
200512	72,747	10,574,887	0.895	11,808,961	162.33	1.067
200601	72,217	10,232,604	0.756	13,543,828	187.54	1.225
200602	70,679	4,177,226	0.353	11,848,884	167.64	1.082
FY2002	758,940	120,426,945		120,426,945	158.68	
FY2003	836,629	118,407,943		118,407,943	141.53	0.892
FY2004	860,119	123,230,815		123,231,050	143.27	1.012
FY2005	891,403	130,984,213		131,412,896	147.42	1.029

Attachment 4

Completion Factor Analysis – ST750 Report

The attached exhibit presents the derivation of the completion factors used in developing the incurred claims estimates shown in Attachment 3. For each risk group we compared total Medicaid FFS plan incurred and paid-to-date claims for the periods ending February 28, 2005 and February 28, 2006. This comparison resulted in the actual completion factors (by risk group) for the service months March 2004 through February 2005. We then applied the resulting completion factors to the March 2005 through February 2006 incurred and paid-to-claims (in Attachment 3).

FY2007 Nueces Area STAR Rating
 Analysis of ST750 Completion Factors
 Comparison of 2/2005 and 2/2006 Statewide ST750 Reports

Service Month	Duration	TANF Children			TANF Adults			Pregnant Women		
		Amount		Completion Factor	Amount		Completion Factor	Amount		Completion Factor
		Paid Thru Feb 2005	Paid Thru Feb 2006		Paid Thru Feb 2005	Paid Thru Feb 2006		Paid Thru Feb 2005	Paid Thru Feb 2006	
200403	12	18,838,353	18,838,353	1.000	9,880,316	9,880,316	1.000	26,455,537	26,455,537	1.000
200404	11	16,539,677	16,557,081	0.999	9,660,957	9,649,278	1.001	25,674,567	25,605,174	1.003
200405	10	15,488,427	15,753,011	0.983	8,960,140	9,002,835	0.995	25,800,736	25,860,031	0.998
200406	9	14,841,912	15,428,633	0.962	8,939,605	8,961,019	0.998	27,030,880	27,017,052	1.001
200407	8	14,022,612	13,953,646	1.005	9,063,804	9,098,454	0.996	27,362,421	27,259,545	1.004
200408	7	15,086,203	15,162,041	0.995	9,274,844	9,301,946	0.997	28,500,514	28,316,937	1.006
200409	6	15,707,503	15,953,079	0.985	8,834,659	8,996,484	0.982	27,002,833	27,083,633	0.997
200410	5	16,429,125	16,761,535	0.980	8,776,722	8,955,017	0.980	26,589,422	26,831,420	0.991
200411	4	15,561,964	16,748,464	0.929	8,024,880	8,312,889	0.965	25,713,592	26,144,398	0.984
200412	3	16,200,753	17,429,924	0.929	6,975,315	7,518,649	0.928	25,340,902	26,634,898	0.951
200501	2	15,503,669	18,346,389	0.845	6,793,691	8,323,318	0.816	23,571,549	27,205,962	0.866
200502	1	7,827,725	17,152,053	0.456	2,926,392	7,122,857	0.411	11,022,190	24,121,184	0.457

Service Month	Duration	Newborns			Expansion Children (Over Age 1)			Expansion Children (<1)		
		Amount		Completion Factor	Amount		Completion Factor	Amount		Completion Factor
		Paid Thru Feb 2005	Paid Thru Feb 2006		Paid Thru Feb 2005	Paid Thru Feb 2006		Paid Thru Feb 2005	Paid Thru Feb 2006	
200403	12	33,750,186	33,750,186	1.000	17,729,834	17,729,834	1.000	24,844,884	24,844,884	1.000
200404	11	28,571,570	28,816,471	0.992	15,952,380	15,966,860	0.999	22,657,639	23,065,699	0.982
200405	10	30,008,154	30,680,157	0.978	15,340,810	15,360,110	0.999	24,493,187	24,360,937	1.005
200406	9	29,980,576	30,210,907	0.992	13,548,356	13,560,708	0.999	24,856,362	25,249,173	0.984
200407	8	28,501,196	28,608,510	0.996	13,348,484	13,381,562	0.998	22,934,651	23,791,511	0.964
200408	7	32,016,324	33,561,985	0.954	14,586,977	14,588,914	1.000	24,585,224	25,421,613	0.967
200409	6	30,355,841	30,561,066	0.993	14,648,458	14,811,876	0.989	23,304,118	25,245,334	0.923
200410	5	32,061,601	33,804,031	0.948	15,786,451	16,059,169	0.983	26,887,104	28,825,871	0.933
200411	4	29,156,573	31,706,812	0.920	15,790,940	16,131,050	0.979	24,394,346	26,614,534	0.917
200412	3	29,416,324	35,553,402	0.827	17,546,813	18,782,865	0.934	21,176,146	26,681,313	0.794
200501	2	22,306,104	35,590,407	0.627	17,460,813	20,567,409	0.849	14,538,701	27,554,810	0.528
200502	1	6,616,536	30,732,313	0.215	9,028,988	19,777,110	0.457	2,659,186	25,374,847	0.105

FY2007 Nueces Area STAR Rating
 Analysis of ST750 Completion Factors
 Comparison of 2/2005 and 2/2006 Statewide ST750 Reports

Service Month	Duration	Federal Mandate Children			Completion Factor
		Amount	Amount	Amount	
		Paid Thru Feb 2005	Paid Thru Feb 2006	Paid Thru Feb 2006	
200403	12	20,914,759	20,914,759	20,914,759	1.000
200404	11	20,172,215	20,249,438	20,249,438	0.996
200405	10	19,491,275	19,571,922	19,571,922	0.996
200406	9	18,463,554	18,577,379	18,577,379	0.994
200407	8	18,338,340	18,504,834	18,504,834	0.991
200408	7	21,111,902	21,105,406	21,105,406	1.000
200409	6	20,143,980	20,411,671	20,411,671	0.987
200410	5	20,960,563	21,211,339	21,211,339	0.988
200411	4	19,758,492	20,527,908	20,527,908	0.963
200412	3	16,713,430	17,662,977	17,662,977	0.946
200501	2	18,165,927	21,876,026	21,876,026	0.830
200502	1	9,547,446	21,816,699	21,816,699	0.438

Attachment 5

Incurred Claims Analysis – ST650 Report

The attached exhibits present our analysis of Fee-for-Service (FFS) plan incurred claims experience for the Nueces SDA for those services included in the FFS ST650 report that are the financial responsibility of the HMO. There is a separate exhibit for TANF-related under age 21 and TANF-related over age 20. The FFS ST650 report combines experience for all TANF-related groups into these two subgroups. Attachment 7 documents how we allocate these costs into STAR risk groups (rate cells).

These exhibits also provide information by type of service for the five general categories of FFS ST650 services that are the financial responsibility of the HMO.

Each exhibit includes the following information: (i) claim amounts incurred in that month and paid through February 28, 2006, (ii) estimated proportion of that month's incurred claims paid through February 28, 2006 (completion factor) and (iii) estimated incurred claims. The completion factors used in this analysis are documented in Attachment 6.

FY2007 Nuaces Area STAR Rating
Incurred Claims Analysis
ST650 Services

Month	Incurred and Paid Claims					Completion Factors					Estimated Incurred Claims						
	Family		EPSDT		Total	Family		EPSDT		CCP	Family		EPSDT		Total		
	Planning	Medical	FQHC	TCADA		CCP	Planning	Medical	FQHC		TCADA	CCP	Planning	Medical		FQHC	TCADA
TANF Related Under Age 21																	
200309	49,934	395,821	2,932	9,102	485,905	943,693	1,000	1,000	1,000	1,000	1,000	49,934	395,821	2,932	9,102	485,905	943,693
200310	33,046	365,430	2,959	10,479	495,759	907,673	1,000	1,000	1,000	1,000	1,000	33,046	365,430	2,959	10,479	495,759	907,673
200311	30,059	285,046	1,409	10,046	478,351	804,911	1,000	1,000	1,000	1,000	1,000	30,059	285,046	1,409	10,046	478,351	804,911
200312	29,825	308,029	2,300	9,185	418,974	768,312	1,000	1,000	1,000	1,000	1,000	29,825	308,029	2,300	9,185	418,974	768,312
200401	35,743	402,336	3,472	11,368	481,921	934,840	1,000	1,000	1,000	1,000	1,000	35,743	402,336	3,472	11,368	481,921	934,840
200402	29,949	328,443	3,071	14,334	548,650	924,447	1,000	1,000	1,000	1,000	1,000	29,949	328,443	3,071	14,334	548,650	924,447
200403	38,246	426,932	5,047	16,903	405,418	892,545	1,000	1,000	1,000	1,000	1,000	38,246	426,932	5,047	16,903	405,418	892,545
200404	30,620	380,795	2,408	13,237	516,005	943,066	1,000	1,000	1,000	1,000	1,000	30,620	380,795	2,408	13,237	516,005	943,066
200405	30,622	343,960	2,835	9,090	457,916	844,423	1,000	1,000	1,000	1,000	1,000	30,622	343,960	2,835	9,090	457,916	844,423
200406	32,002	385,042	2,382	8,877	424,032	852,334	1,000	1,000	1,000	1,000	1,000	32,002	385,042	2,382	8,877	424,032	852,334
200407	36,771	463,869	3,637	13,232	457,752	975,261	1,000	1,000	1,000	1,000	1,000	36,771	463,869	3,637	13,232	457,752	975,261
200408	34,298	589,950	2,484	8,075	486,828	1,121,636	1,000	1,000	1,000	1,000	1,000	34,298	589,950	2,484	8,075	486,828	1,121,636
200409	38,409	406,926	5,289	9,538	601,918	1,062,080	1,000	1,000	1,000	1,000	1,000	38,409	406,926	5,289	9,538	601,918	1,062,080
200410	38,774	380,740	5,113	9,759	520,197	954,583	1,000	1,000	1,000	1,000	1,000	38,774	380,740	5,113	9,759	520,197	954,583
200411	34,211	369,165	3,769	11,837	588,425	1,007,407	1,000	1,000	1,000	1,000	1,000	34,211	369,165	3,769	11,837	588,425	1,007,407
200412	32,838	359,483	4,832	11,915	500,793	909,861	1,000	1,000	1,000	1,000	1,000	32,838	359,483	4,832	11,915	500,793	909,861
200501	37,873	408,428	11,027	11,361	599,680	1,068,368	1,000	1,000	1,000	1,000	1,000	37,873	408,428	11,027	11,361	599,680	1,068,368
200502	33,416	329,872	18,121	7,556	727,812	1,116,777	1,000	1,000	1,000	1,000	1,000	33,416	329,872	18,121	7,556	727,812	1,116,777
200503	40,945	419,774	16,487	9,890	667,211	1,154,308	1,000	1,000	1,000	1,000	1,000	40,945	419,774	16,487	9,890	667,211	1,154,308
200504	34,330	405,186	21,514	7,047	586,540	1,054,616	1,000	1,000	1,000	1,000	1,000	34,330	405,186	21,514	7,047	586,540	1,054,616
200505	37,655	406,981	15,380	6,549	767,180	1,233,744	1,000	1,000	1,000	1,000	1,000	37,655	406,981	15,380	6,549	767,180	1,233,744
200506	40,215	425,731	13,844	1,257	685,628	1,166,676	1,000	1,000	1,000	1,000	1,000	40,215	425,731	13,844	1,257	685,628	1,166,676
200507	37,391	449,223	11,092	1,550	627,029	1,126,285	1,000	1,000	1,000	1,000	1,000	37,391	449,223	11,092	1,550	627,029	1,126,285
200508	37,557	652,569	11,207	4,121	902,174	1,607,627	1,000	1,000	1,000	1,000	1,000	37,557	652,569	11,207	4,121	902,174	1,607,627
200509	38,917	355,533	16,263	4,783	712,505	1,128,000	1,000	1,000	1,000	1,000	1,000	38,917	355,533	16,263	4,783	712,505	1,128,000
200510	43,288	402,322	17,520	7,756	748,014	1,218,900	1,000	1,000	1,000	1,000	1,000	43,288	402,322	17,520	7,756	748,014	1,218,900
200511	42,377	380,414	18,480	7,131	888,059	1,336,459	1,000	1,000	1,000	1,000	1,000	42,377	380,414	18,480	7,131	888,059	1,336,459
200512	28,342	347,653	14,758	5,637	684,941	1,081,330	1,000	1,000	1,000	1,000	1,000	28,342	347,653	14,758	5,637	684,941	1,081,330
200601	34,265	402,274	21,049	7,565	561,520	1,026,674	1,000	1,000	1,000	1,000	1,000	34,265	402,274	21,049	7,565	561,520	1,026,674
200602	18,026	206,629	9,974	4,322	232,089	471,040	1,000	1,000	1,000	1,000	1,000	18,026	206,629	9,974	4,322	232,089	471,040
FY2002	772,394	3,719,186	14,390	108,858	5,328,235	9,943,063	1,000	1,000	1,000	1,000	1,000	772,394	3,719,186	14,390	108,858	5,328,235	9,943,063
FY2003	643,027	4,200,677	17,876	133,685	5,832,869	10,828,134	1,000	1,000	1,000	1,000	1,000	643,027	4,200,677	17,876	133,685	5,832,869	10,828,134
FY2004	411,114	4,675,651	34,936	133,929	5,657,510	10,913,140	1,000	1,000	1,000	1,000	1,000	411,114	4,675,651	34,936	133,929	5,657,510	10,913,140
FY2005	443,613	5,014,077	137,675	92,381	7,774,586	13,462,332	1,000	1,000	1,000	1,000	1,000	443,613	5,014,077	137,675	92,381	7,774,586	13,462,332

FY2007 Nueces Area STAR Rating
 Incurred Claims Analysis
 ST650 Services

Month	Incurred and Paid Claims						Completion Factors						Estimated Incurred Claims					
	Family		EPSDT		Total	CCP	Family		EPSDT		Total	CCP	Family		EPSDT		Total	CCP
	Planning	Medical	Planning	Medical			Planning	Medical	Planning	Medical			Planning	Medical	Planning	Medical		
TANF Related Over Age 20																		
200309	127,156	0	1,741	0	128,997	101	0	1,741	0	128,997	101	0	1,741	0	128,997	101	0	1,741
200310	152,957	0	2,028	0	155,116	132	0	2,028	0	155,116	132	0	2,028	0	155,116	132	0	2,028
200311	125,439	0	600	0	126,039	0	0	600	0	126,039	0	0	600	0	126,039	0	0	600
200312	130,461	0	1,511	0	131,973	0	0	1,511	0	131,973	0	0	1,511	0	131,973	0	0	1,511
200401	149,931	0	870	0	151,047	246	0	870	0	151,047	246	0	870	0	151,047	246	0	870
200402	133,699	0	584	0	134,357	73	0	584	0	134,357	73	0	584	0	134,357	73	0	584
200403	172,055	5	1,065	0	173,235	110	0	1,065	0	173,235	110	0	1,065	0	173,235	110	0	1,065
200404	135,847	68	1,149	0	137,287	223	0	1,149	0	137,287	223	0	1,149	0	137,287	223	0	1,149
200405	120,224	0	158	0	120,382	0	0	158	0	120,382	0	0	158	0	120,382	0	0	158
200406	133,699	0	534	0	135,505	0	1,272	534	0	135,505	0	1,272	534	0	135,505	0	1,272	534
200407	130,455	0	308	0	130,801	38	0	308	0	130,801	38	0	308	0	130,801	38	0	308
200408	137,808	0	650	0	138,583	126	0	650	0	138,583	126	0	650	0	138,583	126	0	650
200409	144,374	0	1,473	0	145,901	53	0	1,473	0	145,901	53	0	1,473	0	145,901	53	0	1,473
200410	171,917	53	1,006	0	175,415	2,440	0	1,006	0	175,415	2,440	0	1,006	0	175,415	2,440	0	1,006
200411	153,819	0	422	0	154,867	626	0	422	0	154,867	626	0	422	0	154,867	626	0	422
200412	143,423	0	1,273	0	145,127	432	0	1,273	0	145,127	432	0	1,273	0	145,127	432	0	1,273
200501	190,791	0	1,946	0	192,750	12	0	1,946	0	192,750	12	0	1,946	0	192,750	12	0	1,946
200502	149,236	0	2,320	0	151,644	88	0	2,320	0	151,644	88	0	2,320	0	151,644	88	0	2,320
200503	144,027	68	2,028	0	146,474	350	0	2,028	0	146,474	350	0	2,028	0	146,474	350	0	2,028
200504	129,037	67	4,493	0	134,439	841	0	4,493	0	134,439	841	0	4,493	0	134,439	841	0	4,493
200505	146,993	0	6,222	0	153,656	441	0	6,222	0	153,656	441	0	6,222	0	153,656	441	0	6,222
200506	136,298	0	5,291	0	142,555	965	0	5,291	0	142,555	965	0	5,291	0	142,555	965	0	5,291
200507	151,776	0	5,073	0	156,969	120	0	5,073	0	156,969	120	0	5,073	0	156,969	120	0	5,073
200508	145,705	0	8,413	0	154,790	672	0	8,413	0	154,790	672	0	8,413	0	154,790	672	0	8,413
200509	124,315	0	8,747	0	133,062	0	0	8,747	0	133,062	0	0	8,747	0	133,062	0	0	8,747
200510	171,248	0	8,689	0	179,937	0	0	8,689	0	179,937	0	0	8,689	0	179,937	0	0	8,689
200511	135,057	0	11,565	0	146,623	0	0	11,565	0	146,623	0	0	11,565	0	146,623	0	0	11,565
200512	127,734	0	7,411	0	135,145	0	0	7,411	0	135,145	0	0	7,411	0	135,145	0	0	7,411
200601	125,323	0	10,152	0	135,787	312	0	10,152	0	135,787	312	0	10,152	0	135,787	312	0	10,152
200602	40,374	0	4,972	0	45,346	0	0	4,972	0	45,346	0	0	4,972	0	45,346	0	0	4,972
FY2002	1,888,000	0	5,732	0	1,893,807	75	0	5,732	0	1,893,807	75	0	5,732	0	1,893,807	75	0	5,732
FY2003	1,886,267	0	11,813	0	1,903,717	5,638	0	11,813	0	1,903,717	5,638	0	11,813	0	1,903,717	5,638	0	11,813
FY2004	1,649,730	73	11,198	0	1,663,322	2,321	0	11,198	0	1,663,322	2,321	0	11,198	0	1,663,322	2,321	0	11,198
FY2005	1,807,396	188	39,962	0	1,854,586	7,040	0	39,962	0	1,854,586	7,040	0	39,962	0	1,854,586	7,040	0	39,962

Attachment 6

Completion Factor Analysis – ST650 Report

The attached exhibit presents the derivation of the completion factors used in developing the incurred claims estimates shown in Attachment 5. For each risk group (TANF-related under age 21 and TANF-related over age 20) and type of service we compared total Medicaid FFS plan incurred and paid-to-date claims for the periods ending February 28, 2005 and February 28, 2006. This comparison resulted in the actual completion factors for the incurral months March 2004 through February 2005. We then applied the resulting completion factors to the March 2005 through February 2006 incurred and paid-to-claims (in Attachment 5).

FY2007 Nueces Area STAR Rating
 Analysis of ST650 Completion Factors
 Comparison of 2/05 and 2/06 Statewide ST650 Reports

Service Month	Duration	TANF Children Under Age 21					TANF Adults Over Age 20				
		Family Planning	EPSDT Medical	FQHC	TCADA	CCP	Family Planning	EPSDT Medical	FQHC	TCADA	CCP
		Amount Incurred and Paid through 2/28/2005					Amount Incurred and Paid through 2/28/2005				
200403	12	460,052	6,913,402	1,584,674	414,303	16,088,519	1,654,851	11	373,746	0	3,886
200404	11	447,334	6,178,634	1,432,675	391,100	15,702,979	1,419,835	68	353,549	0	2,667
200405	10	381,542	5,716,134	1,314,108	378,698	14,885,290	1,479,003	0	350,367	0	5,289
200406	9	407,616	6,190,772	1,164,749	415,975	14,709,626	1,523,132	273	377,280	0	4,604
200407	8	422,733	6,787,769	1,133,336	439,882	14,939,374	1,486,967	137	365,642	1,074	2,502
200408	7	424,508	8,912,592	1,428,782	367,342	15,013,969	1,632,611	242	410,116	46	7,997
200409	6	428,960	6,744,452	1,571,261	325,726	15,762,908	1,547,338	148	403,890	0	3,399
200410	5	404,093	6,563,741	1,599,274	293,997	15,029,133	1,535,371	258	400,365	0	59,976
200411	4	392,666	6,396,883	1,615,686	295,768	14,496,692	1,369,063	174	381,387	0	1,915
200412	3	342,560	5,667,893	1,606,678	268,443	13,249,784	1,270,655	68	389,537	0	2,680
200501	2	354,876	6,201,881	1,612,952	329,478	13,724,546	1,183,746	274	367,727	0	3,460
200502	1	181,432	3,262,446	1,095,625	253,067	6,275,788	392,820	0	222,368	0	2,143
		Amount Incurred and Paid through 2/28/2006					Amount Incurred and Paid through 2/28/2006				
200403	12	460,052	6,913,402	1,584,674	414,303	16,088,519	1,654,851	11	373,746	0	3,886
200404	11	460,559	6,201,933	1,432,886	390,668	15,767,152	1,448,591	68	354,106	0	2,667
200405	10	385,563	5,732,637	1,316,272	378,682	14,906,260	1,509,454	0	350,584	0	5,015
200406	9	413,116	6,216,406	1,165,482	413,210	14,754,624	1,559,760	341	378,025	0	4,604
200407	8	430,025	6,809,646	1,137,592	439,929	15,149,450	1,526,457	137	367,561	1,074	2,502
200408	7	429,403	8,976,004	1,430,631	366,939	15,086,760	1,685,402	237	409,678	46	7,997
200409	6	444,338	6,790,868	1,575,210	325,502	16,268,930	1,627,143	148	404,764	0	12,839
200410	5	418,642	6,627,365	1,603,442	293,813	15,231,503	1,680,001	258	402,427	0	60,001
200411	4	412,004	6,495,626	1,629,491	299,412	15,025,622	1,545,286	174	383,536	0	1,921
200412	3	368,129	5,984,163	1,683,773	271,309	14,405,486	1,539,862	68	396,378	0	2,665
200501	2	434,905	7,043,411	1,902,552	351,407	16,302,443	1,695,569	342	418,408	0	6,091
200502	1	403,492	6,015,002	2,039,558	359,786	15,239,533	1,375,205	137	386,461	0	3,026
		Completion Factor					Completion Factor				
200403	12	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
200404	11	0.971	0.996	1.000	1.000	0.996	0.980	1.000	0.998	1.000	1.000
200405	10	0.990	0.997	0.998	1.000	0.999	0.980	1.000	0.999	1.000	1.000
200406	9	0.987	0.996	0.999	1.000	0.997	0.977	0.800	0.998	1.000	1.000
200407	8	0.983	0.997	0.996	1.000	0.986	0.974	1.000	0.995	1.000	1.000
200408	7	0.989	0.993	0.999	1.000	0.995	0.969	1.000	1.000	1.000	1.000
200409	6	0.965	0.993	0.997	1.000	0.969	0.951	1.000	0.998	1.000	0.265
200410	5	0.965	0.990	0.997	1.000	0.987	0.914	1.000	0.995	1.000	1.000
200411	4	0.953	0.985	0.992	0.988	0.965	0.886	1.000	0.994	1.000	0.997
200412	3	0.931	0.947	0.954	0.989	0.920	0.825	1.000	0.983	1.000	1.000
200501	2	0.816	0.881	0.848	0.938	0.842	0.698	0.801	0.879	1.000	0.568
200502	1	0.450	0.542	0.537	0.703	0.412	0.286	0.000	0.575	1.000	0.708

Attachment 7

Allocation of ST650 Incurred Claims

The attached exhibit documents our allocation of the Nueces area FY2005 estimated incurred claims for ST650 services (from Attachment 5) into the HMO rating categories utilized by HHSC.

The FFS ST650 report combines experience for all TANF-related groups into two subgroups – (i) TANF-related under age 21 and (ii) TANF-related over age 20. In order to allocate these claim costs into rating risk groups we used experience data from the PCCM plan which includes separate reporting by risk group for these services. We obtained the FY2005 PCCM average per-capita cost by risk group and type of service and assumed that the same distribution applied to Nueces area clients.

FY2007 Nueces Area STAR Rating
Allocation of ST650 Claims Experience by Risk Group

	TANF Children	TANF Ch Over Age 1	TANF Ch <1	TANF Adults	Pregnant Women	Newborns	Exp Ch Over Age 1	Exp Ch <1	Federal Mandate Children	Medically Needy	Total
FY2005 Estimated Incurred ST650 Claims (1)											
Family Planning	446,612			1,824,951							2,271,563
EPSDT Medical	5,024,591			188							5,024,779
FQHC	137,776			40,013							177,789
TCADA	92,381			0							92,381
CCP	7,793,209			7,040							7,800,249
Total	13,494,569			1,872,192							15,366,761
FY2005 Member Months (2)											
		108,194	6,743	33,574	56,296	70,305	249,030	10,531	356,730	29,648	921,051
Assumed Distribution (3)											
Family Planning		0.464	0.089	7.955	29.083	0.118	0.022	0.060	0.343	2.080	
EPSDT Medical		4.112	17.636	0.000	0.076	25.015	6.201	24.794	2.492	0.051	
FQHC		0.626	1.144	0.939	1.833	1.267	0.855	1.816	0.629	1.825	
TCADA		0.500	0.000	0.000	0.020	0.000	0.000	0.000	0.512	0.001	
CCP		6.144	4.919	0.000	0.140	5.900	9.602	11.379	4.529	4.047	
Preliminary Allocated FY2005 Incurred ST650 Claims (4)											
Family Planning		50,202	600	267,081	1,637,257	8,296	5,479	632	122,358	61,668	2,153,573
EPSDT Medical		444,894	118,920	0	4,278	1,758,680	1,544,235	261,106	888,971	1,512	5,022,595
FQHC		67,729	7,714	31,526	103,191	89,076	212,921	19,124	224,383	54,108	809,772
TCADA		54,097	0	0	1,126	0	0	0	182,646	30	237,898
CCP		664,744	33,169	0	7,881	414,800	2,391,186	119,832	1,615,630	119,985	5,367,228
Total		1,281,666	160,402	298,607	1,753,733	2,270,852	4,153,820	400,694	3,033,989	237,303	13,591,066
Allocated FY2005 Incurred ST650 Claims (5)											
Family Planning		56,761	679	301,976	1,851,167	9,380	6,194	714	138,345	69,725	2,434,940
EPSDT Medical		503,020	134,457	0	4,837	1,988,454	1,745,992	295,219	1,005,117	1,710	5,678,805
FQHC		76,578	8,722	35,645	116,673	100,714	240,739	21,623	253,699	61,177	915,570
TCADA		61,165	0	0	1,273	0	0	0	206,509	34	268,980
CCP		751,594	37,502	0	8,911	468,994	2,703,598	135,489	1,826,715	135,662	6,068,465
Total		1,449,118	181,359	337,621	1,982,861	2,567,542	4,696,524	453,045	3,430,384	268,307	15,366,761

Footnotes:

- (1) From Attachment 5.
- (2) From Attachment 2.
- (3) Average FY2005 PCCM incurred claims pmpm for the Bexar, Dallas, El Paso, Harris and Lubbock areas.
- (4) Equals FY2005 Member Months times Assumed Distribution by type of service.
- (5) Equals Preliminary Allocated FY2005 Incurred ST650 Claims times the ratio of total FY2005 Estimated Incurred ST650 Claims (\$15,366,761) to total Preliminary Allocated FY2005 Incurred ST650 Claims (\$13,591,066).

Attachment 8

Benefit Change Factors

Effective September 1, 2006, the State restored several services and covered providers that were reduced or eliminated in FY2004. These revisions impact adult clients only. The rate setting process includes adjustments for the estimated cost impact of these revisions. The attached exhibit presents the estimated cost impact from these revisions.

FY2007 Nueces Area STAR Rating
Impact of Benefit Changes

Type of Service	Estimated Biennial Cost Impact (1)	Percentage of Total Claims	Risk Group	Projected FY2004/05 Program Expenditures (2)
Hearing Aids	\$ 1,500,000	0.02 %	TANF Adults	\$ 619,000,000
Eyeglasses	9,800,000	0.13 %	Pregnant Women	1,419,500,000
Counselors/Psychologists	11,900,000	0.16 %	Aged	852,900,000
Chiropractic Services	2,040,000	0.03 %	Disabled and Blind	3,456,400,000
			Medically Needy	1,060,800,000
Total	25,240,000	0.34 %	Total	7,408,600,000

Estimated Cost Impact of All Benefit Changes on Medicaid Adults (3) 0.30 %

Footnotes:

(1) Estimated by HHSC Actuarial Analysis Division.

(2) Projected by HHSC Actuarial Analysis Division.

(3) Equals Estimated cost impact of benefit reductions divided by projected FY2004/05 program expenditures. The Counselors/Psychologists benefit is assumed to begin 12/1/2005.

Attachment 9

Provider Reimbursement Adjustment

Effective March 1, 2006, a Medicaid provider reimbursement increase was implemented for Nurse Practitioners, Clinical Nurse Specialists, Certified Nurse Midwives, and Certified Registered Nurse Anesthetists. The reimbursement factor for these providers is being increased from .85 to .92. The attached exhibit presents the estimated cost impact from this revision.

FY2007 Nueces Area STAR Rating

Estimated Impact of Increase in Reimbursement for NPs, CNSs CNMs and CRNAs (1)

<u>Risk Group</u>	<u>FY2004 Incurred Claims (2)</u>	<u>FY2004 Impacted Providers (3)</u>	<u>Adjustment Amount (4)</u>	<u>Adjustment Factor (5)</u>
TANF Children Age 1+	57,695,863			
TANF Children Age <1	13,396,981			
TANF Adults	56,013,394			
Pregnant Women	250,777,125			
Newborns	263,140,215			
Expansion Children Age 1+	152,385,626			
Expansion Children Age <1	50,696,870			
Federal Mandate Children	117,541,308			
Total	961,647,382	7,388,080	608,430	1.0006

Notes:

- (1) Effective 9/1/2006, the reimbursement factor for these providers is being increased from .85 to .92.
- (2) FY2004 incurred FFS claims for all STAR HMOs for all services.
- (3) FY2004 incurred FFS claims for all STAR HMOs for all services provided by NPs, CNSs CNMs and CRNAs.
- (4) Equals FY2004 claims for all services provided by NPs, CNSs CNMs and CRNAs times .07/.85.
- (5) Equals Adjustment Amount divided by FY2004 total incurred claims.

Attachment 10

Managed Care Participation Rates

Not all of the Medicaid clients in the Nueces service area will be enrolled in managed care. Some clients will be automatically enrolled into the FFS plan until such time as they have had the opportunity to select an HMO. The attached exhibit presents the Medicaid managed care participation rates, as of December 2005, by area and risk group. This information was used to project the percentage of Nueces area member months that would be in managed care.

FY2007 Nueces Area STAR Rating
 STAR Enrollment by SDA as of December 2005

	TANF Children age 1+	TANF Children <1	TANF Adults	Pregnant Women	Newborns	Expansion Children age 1+	Expansion Children <1	Federal Mandate Children	Total
Bexar SDA									
MC	12,032	848	3,151	9,761	14,694	47,578	2,671	62,719	153,454
Total	20,075	1,198	4,629	11,945	15,108	55,562	4,450	74,731	187,698
MC %	59.9 %	70.8 %	68.1 %	81.7 %	97.3 %	85.6 %	60.0 %	83.9 %	81.8 %
Dallas SDA									
MC	16,987	1,120	3,915	11,864	16,844	74,142	10,838	74,223	209,933
Total	27,007	1,672	5,931	14,015	17,608	90,211	17,393	92,841	266,678
MC %	62.9 %	67.0 %	66.0 %	84.7 %	95.7 %	82.2 %	62.3 %	79.9 %	78.7 %
El Paso SDA									
MC	11,818	811	2,563	4,552	6,489	26,658	2,233	43,212	98,336
Total	13,764	1,053	3,485	5,709	6,943	32,465	3,639	51,862	118,920
MC %	85.9 %	77.0 %	73.5 %	79.7 %	93.5 %	82.1 %	61.4 %	83.3 %	82.7 %
Harris SDA									
MC	25,731	1,514	5,790	13,380	21,102	101,975	12,860	109,675	292,027
Total	39,776	2,191	9,040	16,609	21,381	116,600	23,636	131,708	360,941
MC %	64.7 %	69.1 %	64.0 %	80.6 %	98.7 %	87.5 %	54.4 %	83.3 %	80.9 %
Harris Contiguous SDA									
MC	4,453	272	1,165	4,322	6,814	21,842	1,861	26,312	67,041
Total	8,478	522	1,877	5,637	7,006	26,614	3,533	32,786	86,453
MC %	52.5 %	52.1 %	62.1 %	76.7 %	97.3 %	82.1 %	52.7 %	80.3 %	77.5 %
Lubbock SDA									
MC	2,671	200	750	2,319	3,413	9,257	326	12,441	31,377
Total	4,098	283	1,046	2,823	3,782	11,594	625	15,289	39,540
MC %	65.2 %	70.7 %	71.7 %	82.1 %	90.2 %	79.8 %	52.2 %	81.4 %	79.4 %
Tarrant SDA									
MC	9,279	603	2,600	8,507	12,258	40,477	4,465	42,545	120,734
Total	15,882	1,085	4,022	10,614	13,090	51,333	8,578	55,461	160,065
MC %	58.4 %	55.6 %	64.6 %	80.1 %	93.6 %	78.9 %	52.1 %	76.7 %	75.4 %
Travis SDA									
MC	15,594	1,586	5,696	3,981	5,863	20,763	2,572	21,146	77,201
Total	22,112	2,155	7,935	5,137	6,399	29,457	4,100	27,521	104,816
MC %	70.5 %	73.6 %	71.8 %	77.5 %	91.6 %	70.5 %	62.7 %	76.8 %	73.7 %
All SDAs Combined									
MC	98,565	6,954	25,630	58,686	87,477	342,692	37,826	392,273	1,050,103
Total	151,192	10,159	37,965	72,489	91,317	413,836	65,954	482,199	1,325,111
MC %	65.2 %	68.5 %	67.5 %	81.0 %	95.8 %	82.8 %	57.4 %	81.4 %	79.2 %

Attachment II

Delayed Enrollment Factor

Delayed enrollment factors are used to measure the difference in average claims cost for those clients enrolled in managed care relative to those in FFS. Because health care needs can differ for clients in the first couple of months of enrollment in Medicaid as opposed to later months, and because it can take up to two months to enroll in managed care, an adjustment is needed when comparing claim costs for FFS plan clients and costs for managed care clients. The Nueces rating analysis includes adjustment factors that recognize the anticipated impact from delayed enrollment. The attached exhibit presents our analysis of the delayed enrollment factors.

We analyzed the FY2004 experience for FFS, PCCM and HMO clients by SDA and risk group. Our analysis assumed a FFS delivery model for all clients. The purpose of our analysis was to study the relative cost (or acuity) of the member months enrolled in managed care versus the overall total. The delayed enrollment factor is defined as the average claims cost of managed care clients divided the average claims cost of all clients.

FY2007 Nueces Area STAR Rating
 Analysis of Delayed Enrollment Factors
 FY2004 Medicaid Experience

	TANF Children	TANF Adults	Pregnant Women	Newborns	Exp Ch 1+	Exp Ch <1	Expansion Children	Federal Mandate Children	Total
Managed Care Member Months									
Bexar	234,214	60,736	110,783	155,355	487,538	32,956	520,494	662,226	1,743,808
Dallas	344,281	80,756	125,962	167,635	738,101	129,303	867,404	725,674	2,311,712
El Paso	199,691	49,404	52,171	72,341	287,104	26,512	313,616	461,328	1,148,551
Harris	529,064	127,934	198,748	282,317	1,256,306	189,834	1,446,140	1,368,582	3,952,785
Lubbock	53,217	14,231	28,678	38,747	99,220	4,305	103,525	132,738	371,136
Southeast	74,175	22,358	27,569	37,831	115,395	6,822	122,217	173,330	457,480
Tarrant	170,899	42,524	79,337	113,608	380,826	48,418	429,244	395,287	1,230,899
Travis	175,038	54,881	44,939	64,043	235,767	32,179	267,946	233,535	840,382
Total	1,780,579	452,824	668,187	931,877	3,600,257	470,329	4,070,586	4,152,700	12,056,753

Managed Care Incurred Claims (in \$1,000s)

Bexar	18,920	13,099	70,907	76,375	33,561	4,528	38,089	35,530	252,920
Dallas	27,258	15,186	81,322	89,651	59,518	28,743	88,261	39,590	341,267
El Paso	13,038	9,262	32,954	31,963	18,102	4,328	22,430	20,789	130,436
Harris	40,976	29,529	135,628	168,180	82,033	43,248	125,281	82,088	581,682
Lubbock	4,410	2,972	19,697	15,588	7,624	697	8,321	8,809	59,797
Southeast	5,589	4,819	17,443	22,959	7,734	1,041	8,775	10,183	69,769
Tarrant	12,714	9,705	53,419	48,203	21,423	16,964	38,387	23,789	186,217
Travis	10,633	10,281	27,641	27,354	15,696	4,267	19,962	9,769	105,640
Total	133,537	94,852	439,009	480,274	245,691	103,816	349,507	230,548	1,727,727

Managed Care Claims Cost pmpm

Bexar	80.78	215.67	640.05	491.61	68.84	137.41	73.18	53.65	145.04
Dallas	79.17	188.04	645.61	534.80	80.64	222.29	101.75	54.56	147.63
El Paso	65.29	187.47	631.65	441.84	63.05	163.25	71.52	45.06	113.57
Harris	77.45	230.81	682.41	595.71	65.30	227.82	86.63	59.98	147.16
Lubbock	82.87	208.83	686.82	402.31	76.84	161.87	80.38	66.36	161.12
Southeast	75.35	215.54	632.71	606.89	67.02	152.62	71.80	58.75	152.51
Tarrant	74.39	228.22	673.31	424.30	56.25	350.37	89.43	60.18	151.29
Travis	60.75	187.33	615.07	427.12	66.57	132.59	74.50	41.83	125.70
Total	75.00	209.47	657.02	515.38	68.24	220.73	85.86	55.52	143.30

Total (FFS+HMO+PCCM) Member Months

Bexar	325,340	84,721	133,322	162,478	601,473	51,346	652,819	828,497	2,187,177
Dallas	469,737	115,544	151,889	177,657	942,509	205,940	1,148,449	973,706	3,036,982
El Paso	232,405	65,723	62,056	77,545	365,430	44,851	410,281	581,901	1,429,911
Harris	732,601	182,304	242,941	296,691	1,527,287	293,065	1,820,352	1,720,760	4,995,649
Lubbock	74,483	19,547	33,794	40,798	121,295	6,950	128,245	160,873	457,740
Southeast	96,450	30,166	34,073	40,158	142,169	10,855	153,024	214,185	568,056
Tarrant	251,080	66,152	99,399	120,876	484,043	81,096	565,139	516,954	1,619,600
Travis	257,060	83,335	56,723	69,833	300,832	53,583	354,415	309,947	1,131,313
Total	2,439,156	647,492	814,197	986,036	4,485,038	747,686	5,232,724	5,306,823	15,426,428

FY2007 Nueces Area STAR Rating
 Analysis of Delayed Enrollment Factors
 FY2004 Medicaid Experience

	TANF Children	TANF Adults	Pregnant Women	Newborns	Exp Ch 1+	Exp Ch <1	Expansion Children	Federal Mandate Children	Total
Total (FFS+HMO+PCCM) Incurred Claims (in \$1,000s)									
Bexar	32,920	16,906	78,140	84,544	42,582	18,663	61,245	48,819	322,573
Dallas	41,601	19,689	90,709	102,020	74,610	84,808	159,418	57,468	470,904
El Paso	16,936	11,235	35,339	33,531	21,435	17,478	38,913	25,274	161,229
Harris	69,526	38,375	152,318	187,790	106,640	135,022	241,662	112,183	801,853
Lubbock	7,438	3,999	21,473	17,103	9,750	3,099	12,848	11,725	74,586
Southeast	7,866	6,317	19,740	25,749	9,614	2,690	12,304	12,615	84,591
Tarrant	23,892	13,337	59,332	54,456	29,943	43,410	73,353	35,484	259,854
Travis	23,696	15,694	31,174	30,256	20,514	15,924	36,438	15,202	152,460
Total	223,875	125,551	488,225	535,448	315,087	321,094	636,181	318,770	2,328,051
Total (FFS+HMO+PCCM) Claims Cost pmpm									
Bexar	101.19	199.55	586.10	520.34	70.80	363.48	93.82	58.92	147.48
Dallas	88.56	170.40	597.20	574.25	79.16	411.81	138.81	59.02	155.06
El Paso	72.87	170.95	569.47	432.41	58.66	389.69	94.85	43.43	112.75
Harris	94.90	210.50	626.97	632.95	69.82	460.72	132.76	65.19	160.51
Lubbock	99.86	204.59	635.40	419.21	80.38	445.84	100.19	72.88	162.94
Southeast	81.56	209.39	579.35	641.20	67.62	247.77	80.40	58.90	148.91
Tarrant	95.16	201.61	596.91	450.51	61.86	535.29	129.80	68.64	160.44
Travis	92.18	188.32	549.59	433.26	68.19	297.18	102.81	49.05	134.76
Total	91.78	193.90	599.64	543.03	70.25	429.45	121.58	60.07	150.91
Delayed Enrollment Factor (1)									
Bexar	0.798	1.081	1.092	0.945	0.972	0.378	0.780	0.911	0.983
Dallas	0.894	1.104	1.081	0.931	1.019	0.540	0.733	0.924	0.952
El Paso	0.896	1.097	1.109	1.022	1.075	0.419	0.754	1.038	1.007
Harris	0.816	1.097	1.088	0.941	0.935	0.494	0.653	0.920	0.917
Lubbock	0.830	1.021	1.081	0.960	0.956	0.363	0.802	0.911	0.989
Southeast	0.924	1.029	1.092	0.946	0.991	0.616	0.893	0.997	1.024
Tarrant	0.782	1.132	1.128	0.942	0.909	0.655	0.689	0.877	0.943
Travis	0.659	0.995	1.119	0.986	0.976	0.446	0.725	0.853	0.933
Total	0.817	1.080	1.096	0.949	0.971	0.514	0.706	0.924	0.950
Average (2)	0.835	1.076	1.095	0.948	0.974	0.475	0.748	0.916	0.967

Footnotes:

(1) Equals Managed Care Claims Cost pmpm divided by Total (FFS+HMO+PCCM) Claims Cost pmpm.

(2) Simple average excluding the two highest and two lowest factors.

Attachment 12

Managed Care Efficiency Factor

Our rating analysis includes an explicit assumption regarding the anticipated reduction in claims cost resulting from the implementation of managed care. In deriving the managed care efficiency factor, we used the claim cost savings factors by type of service provided by Deloitte Consulting. The attached exhibit shows the application of these savings factors to recent Nueces area FFS claims experience. The Deloitte Consulting factors produced an overall managed care efficiency factor of 17.2% for the Nueces area. In other words, the average claims cost under the HMO model in Nueces will be 17.2% lower than it would have been under the FFS model.

FY2007 Nueces Area STAR Rating
 Analysis of Managed Care Efficiency Factor
 FY2005 Nueces Area FFS Experience

Code	Type of Service	Incurred Claims	% of Total	Assumed Discount
ST750 Services				
101	Inpatient Facility - Medical	15,428,818	11.78%	30.0 %
102	Inpatient Facility - Surgical	24,572,073	18.76%	30.0 %
103	Inpatient Facility - Maternity	27,214,602	20.78%	30.0 %
105	Inpatient Facility - OBRA 90	534,055	0.41%	30.0 %
110	Outpatient Facility	15,124,403	11.55%	15.0 %
201	Professional - Inpatient - Medical	5,344,962	4.08%	0.0 %
202	Professional - Inpatient - Surgical	1,032,437	0.79%	0.0 %
203	Professional - Inpatient - OB	3,966,882	3.03%	0.0 %
204	Professional - Inpatient - Anesthesia	1,147,746	0.88%	0.0 %
210	Professional - Outpatient	4,515,109	3.45%	0.0 %
301	Professional - Home Services	408,490	0.31%	0.0 %
302	Professional - Office Services	13,679,871	10.44%	0.0 %
303	Professional - Injections	159,805	0.12%	0.0 %
304	Professional - Lab	4,294,817	3.28%	0.0 %
305	Professional - X-ray	3,445,895	2.63%	0.0 %
306	Professional - Nursing Home Visits	23,098	0.02%	0.0 %
307	Professional - Podiatrist	61,453	0.05%	0.0 %
308	Professional - Vision	1,275,007	0.97%	0.0 %
309	Ambulance	729,855	0.56%	15.0 %
310	Home Health	116,980	0.09%	15.0 %
311	Rural Health	3,915,187	2.99%	15.0 %
312	Hearing Aid	61	0.00%	15.0 %
313	Chiropractic	18,436	0.01%	15.0 %
314	Professional - Other	554,581	0.42%	15.0 %
315	Ambulatory Surgical Center	2,189,510	1.67%	15.0 %
316	Certified Nurse Widwife	3,166	0.00%	15.0 %
317	Birthing Center	523	0.00%	15.0 %
318	Nurse Practitioner	180,228	0.14%	15.0 %
320	DME Home Health	1,045,739	0.80%	15.0 %
403	In Home Hyperalimantation	424	0.00%	15.0 %
	subtotal - ST750	130,984,213	100.00%	18.3 %
ST650 Services				
101 - 105	Family Planning	1,979,349	12.92%	0.0 %
201	Genetics	271,659	1.77%	0.0 %
301	EPSDT Medical	5,014,265	32.74%	0.0 %
405	FQHC	177,637	1.16%	15.0 %
501	TCADA	92,381	0.60%	15.0 %
701	CCP - Inpatient Facility	3,289,679	21.48%	30.0 %
702	CCP - Outpatient Facility	855,761	5.59%	15.0 %
703 - 704	CCP - Professional	3,272,498	21.37%	0.0 %
706	CCP - State Psych Hospital	363,687	2.37%	15.0 %
	subtotal - ST650	15,316,918	100.00%	7.9 %
	Total	146,301,131		17.2 %

Attachment 13

Investment Income Adjustment

An investment income credit was included in the rating process to account for the income expected to be generated by the HMO between the time they receive the premium from HHSC and the time they pay claims. We have assumed that the value of this timing (or cash flow) difference is 0.25% of premium. The attached exhibit presents our analysis and estimate of the value of this revision.

FY2007 Nueces Area STAR Rating
Investment Income Assumption

<u>Program</u>	<u>Average Claims Lag (1)</u>	<u>FFS Claims/ Total (2)</u>	<u>Interest Rate (3)</u>	<u>Investment Income Factor (4)</u>
STAR	1.54	0.820	3.5 %	0.37 %
STAR+PLUS	1.52	0.852	3.5 %	0.38 %
CHIP	1.20	0.714	3.5 %	0.25 %

Footnotes:

- (1) The average time (in months) between the beginning of the month of claim incurral and payment date for all plans combined.
- (2) Equals the ratio of projected FY2007 FFS claims to FY2007 premium for all plans combined.
- (3) Assumed annual interest rate earned by the plan.
- (4) Equals Average Claims Lag divided by 12 times FFS Claims/Total times Interest Rate.