STATE OF TEXAS
MEDICAID MANAGED CARE
STAR+PLUS PROGRAM RATE SETTING
STATE FISCAL YEAR 2011

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 2011 (FY2011, September 1, 2010 through August 31, 2011) premium rates for HMOs participating in the Texas Medicaid STAR+PLUS program. This report presents the rating methodology and assumptions used in developing the premium rates.

Rudd and Wisdom has provided actuarial services to the Texas Medicaid program for over 25 years. We have participated in the state's managed care rating process since its inception in 1993. This year, as in previous years, we have worked closely with HHSC in developing the FY2011 HMO premium rates.

Rudd and Wisdom has relied on the following data sources as provided by HHSC, the participating HMOs and the agency's External Quality Review Organization (EQRO):

- Monthly enrollment by risk group for each health plan. This includes historical enrollment since February 2007 and a projection of future enrollment through August 2011. These projections were prepared by HHSC System Forecasting staff.
- Claim lag reports by risk group for each health plan for the period February 2007 through March 2010. These reports include monthly paid claims by month of service.
- Financial Statistical Reports (FSR) for each participating HMO for FY2007, FY2008, FY2009 and the first six months of FY2010. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the HMO.
- Reports from the EQRO summarizing their analysis of the HMO's encounter claims data.
- Reports from the health plans providing information on high volume claimants during the experience period.
- Current (FY2010) premium rates by risk group for each HMO.
- Information from both HHSC and the HMOs regarding recent changes in covered services and provider reimbursement under the Medicaid program.
- Information from the HMOs regarding current and projected payment rates for certain capitated services, such as mental health and vision.
- Information from the HMOs regarding attendant care enhanced payments, nursing facility recoupments and service coordination expenses
- FY2009 acuity risk adjustment analysis provided by the EQRO for each participating health plan.
- Historical enrollment and claims experience data for the Medicaid Fee-for-Service and Primary Care Case Management (PCCM) plans.
- Information provided by HHSC regarding FY2009 health plan claims cost by type of service for certain services. This information was obtained from the encounter database.

- Information provided by HHSC regarding proposed FY2011 Medicaid provider reimbursement rates.
- Information provided by HHSC regarding the proposed zero-balance DRG rebasing.
- Information provided by HHSC regarding current Bariatric Supplemental Payment rates.
- Information provided by HHSC regarding the new Frew Rewards and Sanctions program.
- Information provided by HHSC regarding the new Inpatient Savings Incentive and Disincentive program.

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

II. Overview of the Rate Setting Methodology

The actuarial model used to derive the FY2011 STAR+PLUS HMO premium rates relies primarily on health plan financial experience. The historical claims experience for each HMO (by area) was analyzed and estimates for the base period (FY2009) were developed. These estimates were then projected forward to FY2011 using assumed trend rates. Other plan expenditures such as capitated amounts, service coordination, reinsurance costs and administrative expenses were added to the claims component in order to project the total FY2011 cost under the health plan. These projected total cost rates were determined separately for each risk group for each health plan. The results of this analysis were then combined for all HMOs in a service area in order to develop a set of community rates for each service area.

The managed care service areas used in the analysis were as follows:

- Bexar County Service Area (San Antonio)
- Harris County Service Area (Houston)
- Nueces County Service Area (Corpus Christi)
- Travis County Service Area (Austin)

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

- Medicaid Only – Other Community Care (OCC)
- Medicaid Only – Community Based Alternative (CBA)
- Dual Eligible - OCC
- Dual Eligible - CBA

The services used in the analysis include the following:

<u>Acute Care Services</u>

- Ambulance Services
- Audiology Services
- Behavioral Health Services
- Birthing Center Services
- Chiropractic Services
- Dialysis
- Durable Medical Equipment and Supplies
- Emergency Services
- Family Planning Services
- Home Health Services
- Hospital Services - outpatient
- Lab, X-ray and Radiology Services
- Medical Check-ups and CCP Services for children under age 21
- Optometry
- Podiatry
- Prenatal Care
- Primary Care Services
- Specialty Physician Services
- Therapies – physical, occupational and speech

- Transplantation of Organs and Tissues
- Vision

Long Term Care Services

- Adult Foster Care
- Adaptive Aids and Medical Equipment
- Assisted Living
- Emergency Response Services
- Home Delivered Meals
- Medical Supplies
- Minor Home Modifications
- Nursing Services (in home)
- Personal Attendant Services
- Therapies – physical, occupational and speech
- Transition Services

Services specifically excluded from the analysis include:

- Inpatient Facility Services
- Nursing Facilities
- Prescription Drugs
- Dental and Orthodontia Services

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

We projected the FY2011 cost for each individual HMO by estimating their base period (FY2009) average claims cost and then applying trend and other adjustment factors. (These adjustment factors are described in Section III.) We added capitation expenses for services capitated by the HMO (such as vision and behavioral health), service coordinator expenses for care coordination services, 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 HMO. This type of analysis was conducted for each health plan.

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

HHSC utilizes a community rating methodology in setting the STAR+PLUS base premium rates. The base rates vary by service area and risk group but are the same for each HMO in a service area. The community rates are developed by a weighted average of the projected FY2011 cost for each health plan in the service area. The weights used in this formula are the projected FY2011 number of clients enrolled in each health plan by risk group.

Attachment 3 presents the summary community rating exhibit for each service area along with a description of the analysis.

The acute care portion of 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 7. The final FY2011 premium rates were defined as the community rates with acuity risk adjustment.

III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2011 STAR+PLUS 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. Separate trend factors were developed by type of service – acute care and long term care services. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience under the various HMO plans along with the Medicaid Fee-for-Service (FFS) and Primary Care Case Management (PCCM) plans. A single trend assumption applied to all service areas but varies by risk group, type of service and projection year (FY2010 and FY2011).

The trend analysis included a review of HMO claims experience data through March 31, 2010. Based on this information, estimates of monthly incurred claims were made through January 2010. The claims cost and trend experience was reviewed separately by service area, risk group and type of service. The service area trends were then combined into a statewide average using a weighted average formula with estimated incurred claims as the weights.

The FY2010 trend assumptions by risk group for acute care services were developed using the weighted average HMO trend for the period October 1, 2009 through January 31, 2010. The FY2011 acute care trend assumptions were developed based on an average of the HMO trends for the most recent two years (FY2009 through FY2010). The period May 2009 through September 2009 was excluded from the acute care trend analysis due to the unusually high nature of claims as a result of the H1N1 pandemic during this period.

The FY2010 trend assumptions by risk group for long term care services were developed using the weighted average HMO trend for the period September 1, 2009 through January 31, 2010. The FY2011 long term care trend assumptions were developed based on an average of the HMO experience trends for the most recent two years (FY2009 through FY2010). For the purpose of determining the underlying FY2011 trend the FY2009 and FY2010 trends required adjustments to remove the large impact of the minimum wage increases that occurred during these time periods. No minimum wage adjustment is planned for FY2011 therefore it would be inappropriate to allow the impact of these changes in prior periods to impact the selection of the FY2011 trend.

Attachment 4 is a summary of the cost trend analysis. The chart below presents the assumed annual trend rates for FY2010 and FY2011.

	FY2010	FY2011
Acute Care		
Medicaid Only - OCC	6.0%	8.3%
Medicaid Only - CBA	7.7%	11.5%
Dual Eligible - OCC	N/A	N/A
Dual Eligible - CBA	N/A	N/A

Long Term Care		
Medicaid Only - OCC	14.2%	8.2%
Medicaid Only - CBA	-5.3 %	0.0%
Dual Eligible - OCC	9.2 %	3.6 %
Dual Eligible - CBA	0.4 %	0.0 %

Provider Reimbursement Adjustments

Medicaid provider reimbursement changes were implemented for the following services: ambulance services, digestive system surgery, female genital surgery and a 1% provider rate reduction across most acute care services. The rating adjustment 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 the adjustment factors.

DRG Rebasing Adjustments

Effective September 1, 2010, HHSC is implementing zero-based DRG rebasing. This rebasing effort is intended to update the Standard Dollar Amounts and Relative Weights used in the Medicaid DRG payment system while achieving overall budget neutrality. While the rebasing process may be budget neutral overall, it is not budget neutral by program, service area, health plan or risk group.

HHSC staff has utilized the FY2009 encounter data to determine the cost impact from DRG Rebasing on each service area and risk group. Although inpatient hospital services are mostly carved out, a small portion is capitated for inpatient behavioral health services. Exhibit D of Attachment 5 presents a summary of the resulting adjustment factors.

Substance Abuse Benefit for Adults Adjustment

Effective September 1, 2010 Medicaid Adults will no longer be subject to the 30 visit limit for outpatient substance abuse treatments. It is assumed that this increased cost will be offset by savings on hospitalizations. STAR+PLUS health plans will not benefit from the offsetting inpatient savings because inpatient hospital services are carved out of the STAR+PLUS program. Attachment 6 presents a summary of the derivation of the adjustment factor due to increased outpatient therapy.

Attendant Care Enhanced Payment Adjustment

Effective September 1, 2009 the attendant care enhanced payment increased by $0.15 per unit. Attachment 7 presents a summary of the derivation of the adjustment factor.

Minimum Wage Increase

Effective July 24, 2009, the hourly minimum wage increased from $6.55 to $7.25. $0.70 increases in the minimum wage have also occurred in July during 2007 and 2008. The impact of the most recent minimum wage change has been captured in analyzing the FY2010 experience and the resulting trend used to project the FY2011 costs, thus no

explicit adjustment has been made.

Nursing Facility Adjustment

Effective March 1, 2009, the cost of the first four months of a STAR+PLUS enrollees treatment in a nursing facility was carved out. The cost associated with these services was removed from the base experience.

Out-of-Network Adjustment

Effective March 1, 2010, the state implemented a change in the rules regarding STAR+PLUS HMO reimbursement to out-of-network providers. Previously, HMOs were allowed to reimbursement out-of-network providers no less than Medicaid fee-for-service (FFS) rates less 3%. Under the new rule, the maximum discount increased to 5%. Attachment 8 presents the estimated cost impact from this revision.

Bariatric Surgery

The new Medicaid bariatric surgery benefit began July 1, 2008. The health plans will be financially responsible for bariatric surgery services provided to their Medicaid clients. Given the lack of credible experience data on which to project utilization of the benefit, HHSC has decided to fund the benefit for STAR+PLUS clients using a supplemental payment made to the health plan. For each approved bariatric surgery, the health plan will be paid $23,000. This amount is intended to provide for all covered facility and professional costs related to the surgery including services prior to surgery, the actual surgery, counseling and after-care services.

Risk Adjustment

Several risk adjustment techniques are employed in the rate setting methodology. Premium rates are established separately by area of the state and risk group in order to recognize the inherent geographical and demographical variation in the cost of delivering care. In addition, the rating methodology includes a health status adjustment.

The acute care portion of 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. 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 acuity risk adjustment is included in Attachment 9.

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.

Frew Rewards and Sanctions

Effective September 1, 2009, HHSC implemented a new provision in the STAR,

STAR+PLUS and STAR Health programs named Frew Rewards and Sanctions. Additional information regarding this provision is included in Attachment 10.

Inpatient Savings Incentives and Disincentives

For the first two fiscal years of the current STAR+PLUS program (FY2007 and FY2008), health plans were required to achieve a 22% reduction in the inpatient hospital costs associated with their members. If achieved, the health plan shared in the net savings in the form of an incentive. If the savings were not achieved, the health plan shared in the loss in the form of a disincentive. This incentive/disincentive has been added to the capitation rates to compensate the plans accordingly. Additional information regarding this provision is included in Attachment 11.

IV. Administrative Fees and Risk Margin

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

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+PLUS HMOs and (iii) the fees paid for similar services for other large Texas health plans.

The premium rates also include an amount for premium tax (1.75% of premium), maintenance tax ($0.11 pmpm) and a risk margin (2.0% of premium).

V. Summary

The chart below presents the results of the FY2011 STAR+PLUS rating analysis.

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA
Monthly Premium Rates				
Amerigroup - Bexar	$530.20	$2,967.95	$270.12	$1,672.83
Molina - Bexar	503.81	2,679.63	270.12	1,672.83
Superior - Bexar	598.03	2,840.76	270.12	1,672.83
Amerigroup - Harris	633.41	3,382.71	227.94	1,488.08
Evercare - Harris	701.22	3,193.98	227.94	1,488.08
Molina - Harris	609.17	3,403.19	227.94	1,488.08
Evercare - Nueces	752.25	2,673.46	357.31	1,606.63
Superior - Nueces	816.49	2,913.91	357.31	1,606.63
Amerigroup - Travis	631.23	3,825.77	175.39	1,803.90
Evercare - Travis	588.69	3,326.70	175.39	1,803.90

The above premium rates include provision for 1915(b)(3) waiver services. The STAR+PLUS HMOs cover adult inpatient hospital days in excess of thirty. The chart below presents the amount included in the FY2011 STAR+PLUS HMO premium rates for 1915(b)(3) waiver services.

Health Plan	Medicaid Only - OCC	Medicaid Only - CBA
Monthly Premium Rate for 1915(b)(3) Services		
All Plans/All Areas	$ 0.44	$ 0.44

Attachment 1 presents additional information regarding the FY2011 rates including a comparison to current (FY2010) rates.

VI. Actuarial Certification of FY2011 STAR+PLUS HMO Premium Rates

I, Evan L. Dial, 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 2011 (FY2011) 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 FY2011 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.

Evan L. Dial, F.S.A., M.A.A.A.

VII. Attachments

Attachment 1

Summary of FY2011 STAR+PLUS Rating Analysis

The attached exhibit presents summary information regarding the FY2011 rates. Included on the exhibit are current (FY2010) premium, projected FY2011 enrollment, FY2011 premium and a comparison of FY2010 and FY2011 premium rates.

Attachment 1

FY2011 STAR+Plus Rating Summary

Projected FY2011 Member Months

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
Amerigroup Bexar	41,429	1,506	62,662	6,510	112,106
Molina Bexar	32,844	1,279	68,563	9,394	112,081
Superior Bexar	176,245	11,768	119,480	22,869	330,362
Amerigroup Harris	249,694	5,543	198,121	11,082	464,440
Evercare Harris	213,141	16,060	252,734	33,344	515,279
Molina Harris	63,561	1,977	45,039	3,345	113,921
Evercare Nueces	34,935	2,351	48,106	12,185	97,576
Superior Nueces	55,830	3,951	50,609	15,943	126,333
Amerigroup Travis	63,173	1,786	53,167	6,645	124,772
Evercare Travis	29,169	1,246	41,853	6,581	78,849
Total - All Plans	960,020	47,468	940,334	127,898	2,075,721

FY2010 (Current) Premium Rates pmpm

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
Amerigroup Bexar	544.66	2,778.07	279.14	1,804.40	499.39
Molina Bexar	544.66	2,778.07	279.14	1,804.40	513.31
Superior Bexar	565.69	2,835.13	279.14	1,804.40	628.65
Amerigroup Harris	588.77	3,224.62	221.05	1,546.72	486.22
Evercare Harris	620.32	3,193.72	221.05	1,546.72	564.64
Molina Harris	588.77	3,224.62	221.05	1,546.72	517.26
Evercare Nueces	732.93	3,185.66	408.36	1,778.86	762.61
Superior Nueces	780.96	3,212.84	408.36	1,778.86	833.69
Amerigroup Travis	576.26	4,003.63	179.18	1,811.68	521.93
Evercare Travis	542.99	3,945.60	179.18	1,811.68	509.56
Total - All Plans	602.33	3,136.75	251.97	1,703.29	569.41

Projected FY2011 Premium Based on FY2010 Rates

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
Amerigroup Bexar	22,564,812	4,182,581	17,491,366	11,746,575	55,985,335
Molina Bexar	17,888,800	3,553,900	19,138,724	16,951,123	57,532,547
Superior Bexar	99,700,072	33,364,429	33,351,682	41,264,360	207,680,543
Amerigroup Harris	147,012,487	17,874,712	43,794,694	17,140,033	225,821,925
Evercare Harris	132,215,426	51,292,329	55,866,840	51,573,911	290,948,505
Molina Harris	37,422,599	6,374,757	9,955,843	5,173,812	58,927,012
Evercare Nueces	25,604,830	7,488,509	19,644,566	21,675,042	74,412,947
Superior Nueces	43,600,982	12,694,910	20,666,691	28,360,105	105,322,688
Amerigroup Travis	36,404,000	7,152,301	9,526,497	12,039,439	65,122,235
Evercare Travis	15,838,228	4,917,794	7,499,248	11,923,137	40,178,406
Total - All Plans	578,252,234	148,896,221	236,936,150	217,847,538	1,181,932,144

FY2011 STAR+Plus Rating Summary

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
FY2011 Premium Rates pmpm (Community Rates) - Acute Care						FY2011 Premium				
Amerigroup Bexar	430.43	1,368.92	0.00	0.00	177.45	17,832,554	2,060,999	0	0	19,893,553
Molina Bexar	430.43	1,368.92	0.00	0.00	141.76	14,137,188	1,751,211	0	0	15,888,399
Superior Bexar	430.43	1,368.92	0.00	0.00	278.40	75,861,997	16,109,693	0	0	91,971,690
Amerigroup Harris	493.05	1,808.15	0.00	0.00	286.66	123,111,456	10,022,937	0	0	133,134,393
Evercare Harris	493.05	1,808.15	0.00	0.00	260.30	105,088,758	29,039,562	0	0	134,128,320
Molina Harris	493.05	1,808.15	0.00	0.00	306.47	31,338,499	3,574,535	0	0	34,913,034
Evercare Nueces	558.04	1,362.85	0.00	0.00	232.63	19,495,139	3,203,644	0	0	22,698,784
Superior Nueces	558.04	1,362.85	0.00	0.00	289.24	31,155,479	5,385,039	0	0	36,540,518
Amerigroup Travis	511.35	1,504.11	0.00	0.00	280.44	32,303,704	2,687,032	0	0	34,990,736
Evercare Travis	511.35	1,504.11	0.00	0.00	212.94	14,915,453	1,874,728	0	0	16,790,181
Total - All Plans	484.62	1,594.94	0.00	0.00	260.61	465,240,227	75,709,380	0	0	540,949,607
FY2011 Premium Rates pmpm (Community Rates) - Long Term Care						FY2011 Premium				
Amerigroup Bexar	139.68	1,472.48	270.12	1,672.83	319.52	5,786,994	2,216,928	16,926,452	10,890,090	35,820,465
Molina Bexar	139.68	1,472.48	270.12	1,672.83	363.20	4,587,780	1,883,703	18,520,605	15,715,156	40,707,243
Superior Bexar	139.68	1,472.48	270.12	1,672.83	340.47	24,618,625	17,328,504	32,274,531	38,255,628	112,477,287
Amerigroup Harris	151.73	1,451.90	227.94	1,488.08	231.64	37,886,475	8,048,150	45,158,767	16,490,160	107,583,552
Evercare Harris	151.73	1,451.90	227.94	1,488.08	316.11	32,340,147	23,317,990	57,606,924	49,618,461	162,883,523
Molina Harris	151.73	1,451.90	227.94	1,488.08	243.66	9,644,149	2,870,256	10,265,938	4,977,645	27,757,988
Evercare Nueces	223.18	1,457.74	357.31	1,606.63	491.81	7,796,680	3,426,692	17,188,951	19,576,422	47,988,745
Superior Nueces	223.18	1,457.74	357.31	1,606.63	490.11	12,459,993	5,759,961	18,083,308	25,614,225	61,917,487
Amerigroup Travis	105.77	2,116.37	175.39	1,803.90	254.67	6,682,073	3,780,792	9,324,870	11,987,747	31,775,481
Evercare Travis	105.77	2,116.37	175.39	1,803.90	316.24	3,085,285	2,637,838	7,340,528	11,871,944	24,935,596
Total - All Plans	150.92	1,501.44	247.46	1,602.82	315.00	144,888,203	71,270,813	232,690,873	204,997,478	653,847,367

FY2011 STAR+Plus Rating Summary

FY2011 Premium Rates pmpm (Community Rates) - Total

Health Plan	Medicaid Only		Dual Eligible		Total
	OCC	CBA	OCC	CBA	
Amerigroup Bexar	570.12	2,841.40	270.12	1,672.83	496.97
Molina Bexar	570.12	2,841.40	270.12	1,672.83	504.95
Superior Bexar	570.12	2,841.40	270.12	1,672.83	618.86
Amerigroup Harris	644.78	3,260.05	227.94	1,488.08	518.30
Evercare Harris	644.78	3,260.05	227.94	1,488.08	576.41
Molina Harris	644.78	3,260.05	227.94	1,488.08	550.12
Evercare Nueces	781.22	2,820.59	357.31	1,606.63	724.43
Superior Nueces	781.22	2,820.59	357.31	1,606.63	779.35
Amerigroup Travis	617.13	3,620.48	175.39	1,803.90	535.11
Evercare Travis	617.13	3,620.48	175.39	1,803.90	529.18
Total - All Plans	635.54	3,096.38	247.46	1,602.82	575.61

FY2011 Premium

Health Plan	Medicaid Only		Dual Eligible		Total
	OCC	CBA	OCC	CBA	
Amerigroup Bexar	23,619,548	4,277,927	16,926,452	10,890,090	55,714,017
Molina Bexar	18,724,967	3,634,914	18,520,605	15,715,156	56,595,642
Superior Bexar	100,480,623	33,438,197	32,274,531	38,255,628	204,448,978
Amerigroup Harris	160,997,931	18,071,087	45,158,767	16,490,160	240,717,945
Evercare Harris	137,428,905	52,357,552	57,606,924	49,618,461	297,011,843
Molina Harris	40,982,648	6,444,791	10,265,938	4,977,645	62,671,022
Evercare Nueces	27,291,819	6,630,336	17,188,951	19,576,422	70,687,528
Superior Nueces	43,615,472	11,145,001	18,083,308	25,614,225	98,458,005
Amerigroup Travis	38,985,777	6,467,823	9,324,870	11,987,747	66,766,217
Evercare Travis	18,000,738	4,512,566	7,340,528	11,871,944	41,725,777
Total - All Plans	610,128,430	146,980,193	232,690,873	204,997,478	1,194,796,974

FY2011 Premium Rate Change Relative to Current Rates

Health Plan	Medicaid Only		Dual Eligible		Total
	OCC	CBA	OCC	CBA	
Amerigroup Bexar	4.7%	2.3%	-3.2%	-7.3%	-0.5%
Molina Bexar	4.7%	2.3%	-3.2%	-7.3%	-1.6%
Superior Bexar	0.8%	0.2%	-3.2%	-7.3%	-1.6%
Amerigroup Harris	9.5%	1.1%	3.1%	-3.8%	6.6%
Evercare Harris	3.9%	2.1%	3.1%	-3.8%	2.1%
Molina Harris	9.5%	1.1%	3.1%	-3.8%	6.4%
Evercare Nueces	6.6%	-11.5%	-12.5%	-9.7%	-5.0%
Superior Nueces	0.0%	-12.2%	-12.5%	-9.7%	-6.5%
Amerigroup Travis	7.1%	-9.6%	-2.1%	-0.4%	2.5%
Evercare Travis	13.7%	-8.2%	-2.1%	-0.4%	3.9%
Total - All Plans	5.5%	-1.3%	-1.8%	-5.9%	1.1%

FY2011 STAR+Plus Rating Summary

	Medicaid Only		Dual Eligible			Medicaid Only		Dual Eligible		
Health Plan	OCC	CBA	OCC	CBA	Total	OCC	CBA	OCC	CBA	Total
FY2010 Premium Rates pmpm (Community Rates with Risk Adjustment) - Acute Care						FY2011 Premium				
Amerigroup Bexar	389.54	1,490.79	0.00	0.00	163.98	16,138,189	2,244,489	0	0	18,382,678
Molina Bexar	362.16	1,204.43	0.00	0.00	119.87	11,894,661	1,540,792	0	0	13,435,453
Superior Bexar	452.77	1,371.20	0.00	0.00	290.39	79,798,889	16,136,622	0	0	95,935,511
Amerigroup Harris	467.33	1,938.47	0.00	0.00	274.38	116,689,756	10,745,301	0	0	127,435,057
Evercare Harris	536.52	1,745.34	0.00	0.00	276.33	114,354,917	28,030,884	0	0	142,385,801
Molina Harris	448.30	1,952.98	0.00	0.00	284.01	28,494,040	3,860,848	0	0	32,354,888
Evercare Nueces	519.54	1,217.17	0.00	0.00	215.33	18,150,156	2,861,204	0	0	21,011,360
Superior Nueces	582.13	1,449.52	0.00	0.00	302.60	32,500,462	5,727,479	0	0	38,227,942
Amerigroup Travis	525.67	1,704.78	0.00	0.00	290.56	33,207,885	3,045,514	0	0	36,253,399
Evercare Travis	480.36	1,216.50	0.00	0.00	196.93	14,011,272	1,516,246	0	0	15,527,519
Total - All Plans	484.62	1,594.94	0.00	0.00	260.61	465,240,227	75,709,380	0	0	540,949,607
FY2011 Premium Rates pmpm (Community Rates with Risk Adjustment) - Long Term Care						FY2011 Premium				
Amerigroup Bexar	139.68	1,472.48	270.12	1,672.83	319.52	5,786,994	2,216,928	16,926,452	10,890,090	35,820,465
Molina Bexar	139.68	1,472.48	270.12	1,672.83	363.20	4,587,780	1,883,703	18,520,605	15,715,156	40,707,243
Superior Bexar	139.68	1,472.48	270.12	1,672.83	340.47	24,618,625	17,328,504	32,274,531	38,255,628	112,477,287
Amerigroup Harris	151.73	1,451.90	227.94	1,488.08	231.64	37,886,475	8,048,150	45,158,767	16,490,160	107,583,552
Evercare Harris	151.73	1,451.90	227.94	1,488.08	316.11	32,340,147	23,317,990	57,606,924	49,618,461	162,883,523
Molina Harris	151.73	1,451.90	227.94	1,488.08	243.66	9,644,149	2,870,256	10,265,938	4,977,645	27,757,988
Evercare Nueces	223.18	1,457.74	357.31	1,606.63	491.81	7,796,680	3,426,692	17,188,951	19,576,422	47,988,745
Superior Nueces	223.18	1,457.74	357.31	1,606.63	490.11	12,459,993	5,759,961	18,083,308	25,614,225	61,917,487
Amerigroup Travis	105.77	2,116.37	175.39	1,803.90	254.67	6,682,073	3,780,792	9,324,870	11,987,747	31,775,481
Evercare Travis	105.77	2,116.37	175.39	1,803.90	316.24	3,085,285	2,637,838	7,340,528	11,871,944	24,935,596
Total - All Plans	150.92	1,501.44	247.46	1,602.82	315.00	144,888,203	71,270,813	232,690,873	204,997,478	653,847,367

FY2011 STAR+Plus Rating Summary

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
FY2011 Premium Rates pmpm (Community Rates with Risk Adjustment) - Total Rate					
Amerigroup Bexar	529.22	2,963.27	270.12	1,672.83	483.50
Molina Bexar	501.84	2,676.91	270.12	1,672.83	483.07
Superior Bexar	592.46	2,843.69	270.12	1,672.83	630.86
Amerigroup Harris	619.06	3,390.36	227.94	1,488.08	506.03
Evercare Harris	688.25	3,197.24	227.94	1,488.08	592.43
Molina Harris	600.03	3,404.88	227.94	1,488.08	527.67
Evercare Nueces	742.72	2,674.91	357.31	1,606.63	707.14
Superior Nueces	805.31	2,907.25	357.31	1,606.63	792.71
Amerigroup Travis	631.44	3,821.15	175.39	1,803.90	545.23
Evercare Travis	586.13	3,332.87	175.39	1,803.90	513.17
Total - All Plans	635.54	3,096.38	247.46	1,602.82	575.61
FY2011 Premium Rate Change Relative to Current Rates					
Amerigroup Bexar	-2.8%	6.7%	-3.2%	-7.3%	-3.2%
Molina Bexar	-7.9%	-3.6%	-3.2%	-7.3%	-5.9%
Superior Bexar	4.7%	0.3%	-3.2%	-7.3%	0.4%
Amerigroup Harris	5.1%	5.1%	3.1%	-3.8%	4.1%
Evercare Harris	11.0%	0.1%	3.1%	-3.8%	4.9%
Molina Harris	1.9%	5.6%	3.1%	-3.8%	2.0%
Evercare Nueces	1.3%	-16.0%	-12.5%	-9.7%	-7.3%
Superior Nueces	3.1%	-9.5%	-12.5%	-9.7%	-4.9%
Amerigroup Travis	9.6%	-4.6%	-2.1%	-0.4%	4.5%
Evercare Travis	7.9%	-15.5%	-2.1%	-0.4%	0.7%
Total - All Plans	5.5%	-1.3%	-1.8%	-5.9%	1.1%

FY2011 Premium	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
Amerigroup Bexar	21,925,183	4,461,417	16,926,452	10,890,090	54,203,142
Molina Bexar	16,482,441	3,424,495	18,520,605	15,715,156	54,142,697
Superior Bexar	104,417,514	33,465,126	32,274,531	38,255,628	208,412,798
Amerigroup Harris	154,576,231	18,793,451	45,158,767	16,490,160	235,018,609
Evercare Harris	146,695,064	51,348,875	57,606,924	49,618,461	305,269,324
Molina Harris	38,138,189	6,731,104	10,265,938	4,977,645	60,112,876
Evercare Nueces	25,946,836	6,287,896	17,188,951	19,576,422	69,000,105
Superior Nueces	44,960,456	11,487,441	18,083,308	25,614,225	100,145,429
Amerigroup Travis	39,889,958	6,826,305	9,324,870	11,987,747	68,028,880
Evercare Travis	17,096,558	4,154,084	7,340,528	11,871,944	40,463,114
Total - All Plans	610,128,430	146,980,193	232,690,873	204,997,478	1,194,796,974

FY2011 STAR+Plus Rating Summary

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
FY2011 Premium Rates pmpm (Community Rates with Risk Adjustment) with Frew Rewards and Sanctions and Inpatient Savings Incentive/Disincentive										
Amerigroup Bexar	530.20	2,967.95	270.12	1,672.83	483.92	21,965,746	4,468,459	16,926,158	10,890,060	54,250,423
Molina Bexar	503.81	2,679.63	270.12	1,672.83	483.67	16,547,123	3,427,969	18,520,284	15,715,112	54,210,488
Superior Bexar	598.03	2,840.76	270.12	1,672.83	633.73	105,399,837	33,430,684	32,273,971	38,255,520	209,360,012
Amerigroup Harris	633.41	3,382.71	227.94	1,488.08	513.65	158,158,838	18,751,037	45,159,749	16,490,212	238,559,835
Evercare Harris	701.22	3,193.98	227.94	1,488.08	597.70	149,458,506	51,296,504	57,608,177	49,618,616	307,981,803
Molina Harris	609.17	3,403.19	227.94	1,488.08	532.74	38,719,236	6,727,772	10,266,161	4,977,660	60,690,830
Evercare Nueces	752.25	2,673.46	357.31	1,606.63	710.51	26,279,772	6,284,484	17,188,755	19,576,455	69,329,466
Superior Nueces	816.49	2,913.91	357.31	1,606.63	797.86	45,584,622	11,513,746	18,083,101	25,614,268	100,795,737
Amerigroup Travis	631.23	3,825.77	175.39	1,803.90	545.19	39,876,613	6,834,562	9,324,993	11,987,737	68,023,904
Evercare Travis	588.69	3,326.70	175.39	1,803.90	514.02	17,171,230	4,146,397	7,340,625	11,871,935	40,530,186
Total - All Plans	644.95	3,094.30	247.46	1,602.82	579.91	619,161,524	146,881,614	232,691,974	204,997,573	1,203,732,685
FY2011 Premium Rate Change Relative to Current Rates										
Amerigroup Bexar	-2.7%	6.8%	-3.2%	-7.3%	-3.1%					
Molina Bexar	-7.5%	-3.5%	-3.2%	-7.3%	-5.8%					
Superior Bexar	5.7%	0.2%	-3.2%	-7.3%	0.8%					
Amerigroup Harris	7.6%	4.9%	3.1%	-3.8%	5.6%					
Evercare Harris	13.0%	0.0%	3.1%	-3.8%	5.9%					
Molina Harris	3.5%	5.5%	3.1%	-3.8%	3.0%					
Evercare Nueces	2.6%	-16.1%	-12.5%	-9.7%	-6.8%					
Superior Nueces	4.5%	-9.3%	-12.5%	-9.7%	-4.3%					
Amerigroup Travis	9.5%	-4.4%	-2.1%	-0.4%	4.5%					
Evercare Travis	8.4%	-15.7%	-2.1%	-0.4%	0.9%					
Total - All Plans	7.1%	-1.4%	-1.8%	-5.9%	1.8%					

Attachment 2

Individual HMO Experience Analysis

The following exhibits present a summary of the experience analysis performed for each health plan. The exhibits in this section use hypothetical experience data from a sample HMO. The actual analysis is based on experience data provided by each health plan. This data was checked for reasonableness by comparing to other data sources provided by HHSC, the EQRO and the HMO. 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 risk group for the period February 2007 through March 2010. All of this information was provided by HHSC.

Exhibit B. This exhibit shows a sample of a claim lag report for one risk group. This report includes claim amounts by payment month and month of service. We analyzed claims experience for the period February 2007 through March 2010.

Exhibit C. This exhibit shows the calculation of estimated monthly incurred claims for one risk group. The report includes the following information: (i) monthly enrollment, (ii) claim amounts incurred in that month and paid through March 31, 2010, (iii) estimated proportion of that month's incurred claims paid through March 31, 2010 (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 HMO.

Exhibit D. This exhibit is a summary of the sample HMO's projected FY2011 cost based on the HMO's actual experience. The top of the exhibit shows summary base period (FY2009) enrollment, premium and claims experience. Next are projected FY2011 enrollment and premium based on current (FY2010) rates. Trend assumptions for FY2010 and FY2011 are used to project the average base period claims cost to FY2011. Adjustment factors are used to recognize the cost impact of benefit and provider reimbursement changes. Combining these factors results in projected FY2011 incurred claims.

In addition to incurred claims, provision is also made for services that are capitated by the HMO, such as vision and behavioral health services. Other expenses such as those related to the coordination of care are included.

A provision for administrative expenses is included in the amount of $12.50 pmpm and 5.75% of gross premium. Additional provisions are also included for premium tax (1.75% of premium), maintenance tax ($0.11 pmpm) and risk margin (2.0% of premium).

At the bottom of Exhibit D is a summary of the projected FY2011 cost based on the above assumptions. Cost projections are presented separately for acute care and long term care services.

Sample HMO
Enrollment and Premium Experience
Number of Members

	Medicaid Only		Dual Eligible		Total
Month	OCC	CBA	OCC	CBA	Members
Feb-07	755	56	724	478	2,013
Mar-07	3,454	55	5,646	474	9,629
Apr-07	3,365	58	5,521	454	9,398
May-07	3,211	53	5,464	421	9,149
Jun-07	3,125	50	5,437	399	9,011
Jul-07	3,094	52	5,401	392	8,939
Aug-07	2,925	56	5,268	394	8,643
Sep-07	2,856	56	5,233	390	8,535
Oct-07	2,830	53	5,196	390	8,469
Nov-07	2,867	54	5,164	386	8,471
Dec-07	2,848	54	5,050	377	8,329
Jan-08	2,896	53	5,077	385	8,411
Feb-08	2,895	52	5,096	383	8,426
Mar-08	2,869	51	5,083	389	8,392
Apr-08	2,878	52	5,053	401	8,384
May-08	2,876	58	5,029	399	8,362
Jun-08	2,894	62	5,026	412	8,394
Jul-08	2,951	60	5,048	441	8,500
Aug-08	2,949	68	5,043	472	8,532
Sep-08	2,948	74	5,049	498	8,569
Oct-08	2,978	73	5,048	499	8,598
Nov-08	2,999	77	5,044	505	8,625
Dec-08	3,057	78	4,969	506	8,610
Jan-09	3,128	80	5,022	510	8,740
Feb-09	3,150	78	5,074	505	8,807
Mar-09	3,136	80	5,064	506	8,786
Apr-09	3,147	90	5,070	518	8,825
May-09	3,175	91	5,068	517	8,851
Jun-09	3,223	103	5,096	513	8,935
Jul-09	3,246	112	5,149	503	9,010
Aug-09	3,266	116	5,146	494	9,023
Sep-09	3,282	118	5,176	490	9,067
Oct-09	3,281	117	5,163	499	9,060
Nov-09	3,291	118	5,163	508	9,081
Dec-09	3,263	116	5,081	514	8,974
Jan-10	3,257	127	5,119	515	9,018
Feb-10	3,270	129	5,108	521	9,028
Mar-10	3,273	122	5,114	553	9,062
FY2007	19,929	380	33,461	3,012	56,782
FY2008	34,609	673	61,098	4,825	101,205
FY2009	37,453	1,052	60,799	6,074	105,379
FY2010	22,916	847	35,925	3,601	63,289

Sample HMO
Enrollment and Premium Experience
Premium Amount

	Medicaid Only		Dual Eligible		
Month	OCC	CBA	OCC	CBA	Total
Feb-07	293,642	154,332	181,724	814,871	1,444,568
Mar-07	1,343,364	151,576	1,417,146	808,052	3,720,137
Apr-07	1,308,749	159,843	1,385,771	773,957	3,628,320
May-07	1,248,854	146,064	1,371,464	717,700	3,484,082
Jun-07	1,215,406	137,796	1,364,687	680,195	3,398,085
Jul-07	1,203,349	143,308	1,355,651	668,262	3,370,570
Aug-07	1,137,620	154,332	1,322,268	671,672	3,285,891
Sep-07	1,321,528	175,764	1,414,846	753,273	3,665,412
Oct-07	1,309,498	166,348	1,404,843	753,273	3,633,961
Nov-07	1,326,618	169,487	1,396,191	745,547	3,637,843
Dec-07	1,317,827	169,487	1,365,369	728,164	3,580,846
Jan-08	1,340,037	166,348	1,372,668	743,616	3,622,669
Feb-08	1,339,574	163,209	1,377,806	739,753	3,620,342
Mar-08	1,327,544	160,071	1,374,291	751,342	3,613,247
Apr-08	1,331,708	163,209	1,366,180	774,519	3,635,617
May-08	1,330,783	182,041	1,359,691	770,657	3,643,171
Jun-08	1,339,112	194,596	1,358,880	795,766	3,688,353
Jul-08	1,365,487	188,318	1,364,828	851,778	3,770,411
Aug-08	1,364,561	213,428	1,363,476	911,654	3,853,119
Sep-08	1,552,151	203,386	1,450,376	918,810	4,124,723
Oct-08	1,567,947	200,638	1,450,088	920,655	4,139,328
Nov-08	1,579,003	211,631	1,448,939	931,725	4,171,299
Dec-08	1,609,541	214,380	1,427,395	933,570	4,184,886
Jan-09	1,646,923	219,877	1,442,620	940,950	4,250,370
Feb-09	1,658,507	214,380	1,457,557	931,725	4,262,169
Mar-09	1,608,956	213,181	1,377,611	895,686	4,095,433
Apr-09	1,614,600	239,828	1,379,243	916,927	4,150,598
May-09	1,628,966	242,493	1,378,699	915,157	4,165,315
Jun-09	1,653,592	274,470	1,386,316	908,077	4,222,455
Jul-09	1,665,393	298,453	1,400,734	890,375	4,254,955
Aug-09	1,675,715	309,757	1,400,023	874,721	4,260,216
Sep-09	1,787,443	328,618	1,444,956	884,485	4,445,502
Oct-09	1,786,801	325,330	1,441,257	900,380	4,453,767
Nov-09	1,792,321	328,124	1,441,288	917,313	4,479,045
Dec-09	1,777,210	323,113	1,418,306	927,800	4,446,429
Jan-10	1,773,865	352,379	1,428,789	930,021	4,485,053
Feb-10	1,781,039	357,266	1,425,928	940,900	4,505,133
Mar-10	1,782,525	338,215	1,427,615	997,616	4,545,971
FY2007	7,750,986	1,047,250	8,398,711	5,134,707	22,331,654
FY2008	16,014,276	2,112,305	16,519,066	9,319,343	43,964,990
FY2009	19,461,294	2,842,475	16,999,600	10,978,378	50,281,747
FY2010	12,481,204	2,353,044	10,028,139	6,498,514	31,360,901

Attachment 3

Community Experience Analysis

The following exhibits present a summary of the experience analysis performed for each managed care service area. HHSC utilizes an adjusted community rating methodology in setting the STAR+PLUS premium rates. The base community rates by risk group vary by service area but are the same for each HMO in a service area. The community rates are developed by a weighted average of the projected FY2011 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2011 clients enrolled in each health plan.

Below is a brief description of the exhibits contained in this attachment. The exhibits present the derivation of the FY2011 STAR+PLUS HMO community rates for the following service areas:

Exhibit A – Bexar Service Area
Exhibit B – Harris Service Area
Exhibit C – Nueces Service Area
Exhibit D – Travis Service Area

These exhibits show projected FY2011 experience for each of the service areas. These amounts were derived by summing amounts from each individual health plan in the service area. The experience analysis for individual HMOs is described in Attachment 2. The top portion of the exhibit shows summary base period (FY2009) experience and projected FY2011 enrollment, premium and incurred claims experience.

In addition to incurred claims, provision is also made for services that are capitated by the HMOs, such as vision and behavioral health services. Other expenses such as those related to the coordination of care are included.

A provision for administrative expenses is included in the amount of $12.50 pmpm and 5.75% of gross premium. Additional provisions are also included for premium tax (1.75% of premium), maintenance tax ($0.11pmpm) and risk margin (2.0% of premium).

The bottom of the exhibit shows a summary of the projected FY2011 cost based on these assumptions. Cost projections are presented separately for acute care and long term care services. The cost projections do not include the Frew Rewards and Sanctions or the Inpatient Savings Incentives/Disincentives. Additional information on Frew Rewards and Sanctions and Inpatient Savings Incentives/Disincentives can be found in Attachment 10 and Attachment 11 respectively.

FY2011 STAR+Plus Rating Summary
Bexar SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2009 Experience Period										
Member Months	226,196		8,148		248,907		30,886		514,137	
Premium Revenue	117,553,512	519.70	22,000,703	2,700.07	69,608,954	279.66	55,768,169	1,805.61	264,931,339	515.29
Adjusted Premium	126,578,685	559.60	22,994,874	2,822.08	69,479,997	279.14	55,730,761	1,804.40	274,784,318	534.46
Estimated FY2009 Incurred Claims										
Acute Care	75,195,666	332.44	8,307,207	1,019.51	0	0.00	0	0.00	83,502,873	162.41
Long Term Care	20,842,927	92.15	11,206,518	1,375.33	49,127,597	197.37	45,333,669	1,467.77	126,510,711	246.06
Attendant Care Enhanced Payment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Nursing Facility Recoupment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	96,038,593	424.58	19,513,725	2,394.85	49,127,597	197.37	45,333,669	1,467.77	210,013,584	408.48
Projected FY2011 Member Months	250,518		14,553		250,705		38,773		554,549	
Projected FY2011 Premium										
At Current Rates	140,153,683	559.46	41,100,910	2,824.21	69,981,772	279.14	69,962,059	1,804.40	321,198,424	579.21
Annual Cost Trend Assumptions										
Acute Care										
FY2010	6.0 %		7.7 %		6.0 %		7.7 %			
FY2011	8.3 %		11.5 %		8.3 %		11.5 %			
Long Term Care										
FY2010	14.2 %		-5.3 %		9.2 %		0.4 %			
FY2011	8.2 %		0.0 %		3.6 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care		0.9889		0.9926		1.0000		1.0000		
Long Term Care		1.0103		1.0092		1.0110		1.0091		
Inpatient Reimbursement Adjustment		0.9928		0.9994		1.0000		1.0000		
Out of Network Adjustment		0.9973		0.9973		1.0000		1.0000		
Projected Incurred Claims										
Acute Care	93,609,914	373.67	17,626,945	1,211.22	0	0.00	0	0.00	111,236,859	200.59
LTC	28,817,558	115.03	19,128,897	1,314.42	56,595,801	225.75	57,657,578	1,487.05	162,199,835	292.49
Total	122,427,473	488.70	36,755,842	2,525.64	56,595,801	225.75	57,657,578	1,487.05	273,436,694	493.08

Attachment 3 - Exhibit A

FY2011 STAR+Plus Rating Summary
Bexar SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Capitation Expenses	1,562,363	6.24	314,370	21.60	627	0.00	92,637	2.39	1,969,996	3.55
Service Coordination and Other Expenses	2,107,880	8.41	168,962	11.61	1,530,220	6.10	459,948	11.86	4,267,010	7.69
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	3,131,478	12.50	181,913	12.50	3,133,812	12.50	484,663	12.50	6,931,865	12.50
Percentage of Premium	8,212,445	5.75%	2,377,685	5.75%	3,893,991	5.75%	3,729,500	5.75%	18,213,622	5.75%
Total	11,343,923		2,559,598		7,027,803		4,214,163		25,145,487	45.34
Risk Margin	2,856,503	2.0%	827,021	2.0%	1,354,432	2.0%	1,297,217	2.0%	6,335,173	2.00%
Premium Tax	2,499,440	1.75%	723,643	1.75%	1,185,128	1.75%	1,135,065	1.75%	5,543,276	1.75%
Maintenance Tax	27,557	0.11	1,601	0.11	27,578	0.11	4,265	0.11	61,000	0.11
Investment Income Adjustment		1.0000		1.0000		1.0000		1.0000		1.0000
Projected Total Cost										
Acute Care	107,831,739	430.43	19,921,903	1,368.92	692	0.00	102,361	2.64	127,856,695	230.56
LTC	34,993,399	139.68	21,429,134	1,472.48	67,720,895	270.12	64,758,513	1,670.19	188,901,942	340.64
Total	142,825,138	570.12	41,351,037	2,841.40	67,721,588	270.12	64,860,874	1,672.83	316,758,637	571.20
Experience Rate Increase		1.9 %		0.6 %		-3.2 %		-7.3 %		-1.4 %

FY2011 STAR+Plus Rating Summary
Harris SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2009 Experience Period										
Member Months	480,622		14,209		479,435		36,966		1,011,232	
Premium Revenue	259,396,817	539.71	39,927,753	2,810.08	104,601,887	218.18	52,634,805	1,423.88	456,561,263	451.49
Adjusted Premium	289,292,907	601.91	45,531,445	3,204.46	105,979,112	221.05	57,175,746	1,546.72	497,979,210	492.45
Estimated FY2009 Incurred Claims										
Acute Care	182,544,216	379.81	19,309,085	1,358.96	0	0.00	0	0.00	201,853,301	199.61
Long Term Care	48,086,897	100.05	18,870,187	1,328.07	75,906,989	158.33	46,911,628	1,269.05	189,775,701	187.67
Attendant Care Enhanced Payment	771,400	1.61	412,222	29.01	1,491,410	3.11	1,329,432	35.96	4,004,465	3.96
Nursing Facility Recoupment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	231,402,513	481.46	38,591,495	2,716.03	77,398,399	161.44	48,241,061	1,305.02	395,633,467	391.24
Projected FY2011 Member Months	526,396		23,580		495,894		47,771		1,093,641	
Projected FY2011 Premium										
At Current Rates	316,650,512	601.54	75,541,797	3,203.57	109,617,377	221.05	73,887,756	1,546.72	575,697,442	526.40
Annual Cost Trend Assumptions										
Acute Care										
FY2010	6.0 %		7.7 %		6.0 %		7.7 %			
FY2011	8.3 %		11.5 %		8.3 %		11.5 %			
Long Term Care										
FY2010	14.2 %		-5.3 %		9.2 %		0.4 %			
FY2011	8.2 %		0.0 %		3.6 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care		0.9873		0.9885		1.0000		1.0000		
Long Term Care		1.0066		1.0067		1.0073		1.0076		
Inpatient Reimbursement Adjustment		0.9960		0.9963		1.0000		1.0000		
Out of Network Adjustment		0.9958		0.9958		1.0000		1.0000		
Projected Incurred Claims										
Acute Care	224,745,664	426.95	37,738,728	1,600.42	0	0.00	0	0.00	262,484,392	240.01
LTC	66,557,490	126.44	30,507,556	1,293.76	91,228,878	183.97	63,066,592	1,320.20	251,360,516	229.84
Total	291,303,155	553.39	68,246,284	2,894.19	91,228,878	183.97	63,066,592	1,320.20	513,844,908	469.85

Attachment 3 - Exhibit B

FY2011 STAR+Plus Rating Summary
Harris SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Capitation Expenses	5,015,651	9.53	683,359	28.98	101,919	0.21	10,776	0.23	5,811,705	5.31
Service Coordination and Other Expenses	4,208,930	8.00	343,461	14.57	4,709,604	9.50	653,316	13.68	9,915,310	9.07
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	6,579,945	12.50	294,756	12.50	6,198,675	12.50	597,133	12.50	13,670,509	12.50
Percentage of Premium	19,516,045	5.75%	4,420,222	5.75%	6,499,319	5.75%	4,087,460	5.75%	34,523,047	5.75%
Total	26,095,990		4,714,978		12,697,994		4,684,593		48,193,555	44.07
Risk Margin	6,788,190	2.0%	1,537,469	2.0%	2,260,633	2.0%	1,421,725	2.0%	12,008,016	2.00%
Premium Tax	5,939,666	1.75%	1,345,285	1.75%	1,978,054	1.75%	1,244,010	1.75%	10,507,014	1.75%
Maintenance Tax	57,904	0.11	2,594	0.11	54,548	0.11	5,255	0.11	120,300	0.11
Investment Income Adjustment		1.0000		1.0000		1.0000		1.0000		1.0000
Projected Total Cost										
Acute Care	259,538,713	493.05	42,637,033	1,808.15	112,617	0.23	11,907	0.25	302,300,271	276.42
LTC	79,870,772	151.73	34,236,396	1,451.90	112,919,012	227.71	71,074,359	1,487.83	298,100,538	272.58
Total	339,409,485	644.78	76,873,430	3,260.05	113,031,629	227.94	71,086,266	1,488.08	600,400,809	548.99
Experience Rate Increase		7.2 %		1.8 %		3.1 %		-3.8 %		4.3 %

FY2011 STAR+Plus Rating Summary
Nueces SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2009 Experience Period										
Member Months	81,120		4,895		98,588		23,075		207,677	
Premium Revenue	49,215,307	606.70	11,981,172	2,447.82	37,843,430	383.85	37,831,526	1,639.54	136,871,435	659.06
Adjusted Premium	61,947,856	763.66	15,685,656	3,204.66	40,259,493	408.36	41,046,382	1,778.86	158,939,386	765.32
Estimated FY2009 Incurred Claims										
Acute Care	35,698,032	440.07	5,073,273	1,036.50	0	0.00	0	0.00	40,771,304	196.32
Long Term Care	11,773,176	145.13	6,479,348	1,323.77	24,760,772	251.15	31,603,165	1,369.61	74,616,461	359.29
Attendant Care Enhanced Payment	299,315	3.69	163,724	33.45	879,907	8.93	876,520	37.99	2,219,465	10.69
Nursing Facility Recoupment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	47,770,522	588.89	11,716,345	2,393.71	25,640,679	260.08	32,479,684	1,407.60	117,607,230	566.30
Projected FY2011 Member Months	90,765		6,302		98,715		28,128		223,910	
Projected FY2011 Premium										
At Current Rates	69,205,812	762.47	20,183,419	3,202.70	40,311,257	408.36	50,035,147	1,778.86	179,735,635	802.72
Annual Cost Trend Assumptions										
Acute Care										
FY2010	6.0 %		7.7 %		6.0 %		7.7 %			
FY2011	8.3 %		11.5 %		8.3 %		11.5 %			
Long Term Care										
FY2010	14.2 %		-5.3 %		9.2 %		0.4 %			
FY2011	8.2 %		0.0 %		3.6 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care		0.9889		0.9901		1.0000		1.0000		
Long Term Care		1.0130		1.0119		1.0129		1.0111		
Inpatient Reimbursement Adjustment		0.9912		0.9969		1.0000		1.0000		
Out of Network Adjustment		0.9974		0.9974		1.0000		1.0000		
Projected Incurred Claims										
Acute Care	44,828,375	493.90	7,722,123	1,225.35	0	0.00	0	0.00	52,550,498	234.70
LTC	16,907,954	186.28	8,196,235	1,300.58	29,419,584	298.03	40,192,028	1,428.92	94,715,801	423.01
Total	61,736,329	680.18	15,918,357	2,525.92	29,419,584	298.03	40,192,028	1,428.92	147,266,299	657.70

FY2011 STAR+Plus Rating Summary
Nueces SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Capitation Expenses	179,350	1.98	12,086	1.92	0	0.00	0	0.00	191,435	0.85
Service Coordination and Other Expenses	1,110,875	12.24	76,769	12.18	1,257,014	12.73	350,818	12.47	2,795,475	12.48
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	1,134,561	12.50	78,775	12.50	1,233,937	12.50	351,596	12.50	2,798,869	12.50
Percentage of Premium	4,077,169	5.75%	1,022,082	5.75%	2,028,155	5.75%	2,598,462	5.75%	9,725,868	5.75%
Total	5,211,730		1,100,857		3,262,092		2,950,058		12,524,737	55.94
Risk Margin	1,418,146	2.0%	355,507	2.0%	705,445	2.0%	903,813	2.0%	3,382,911	2.00%
Premium Tax	1,240,878	1.75%	311,068	1.75%	617,265	1.75%	790,836	1.75%	2,960,047	1.75%
Maintenance Tax	9,984	0.11	693	0.11	10,859	0.11	3,094	0.11	24,630	0.11
Investment Income Adjustment		1.0000		1.0000		1.0000		1.0000		1.0000
Projected Total Cost										
Acute Care	50,650,618	558.04	8,588,684	1,362.85	0	0.00	0	0.00	59,239,302	264.57
LTC	20,256,674	223.18	9,186,653	1,457.74	35,272,259	357.31	45,190,647	1,606.63	109,906,232	490.85
Total	70,907,292	781.22	17,775,337	2,820.59	35,272,259	357.31	45,190,647	1,606.63	169,145,534	755.42
Experience Rate Increase		2.5 %		-11.9 %		-12.5 %		-9.7 %		-5.9 %

FY2011 STAR+Plus Rating Summary
Travis SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2009 Experience Period										
Member Months	80,213		2,320		92,346		11,700		186,579	
Premium Revenue	37,519,688	467.75	6,647,107	2,865.58	20,222,657	218.99	21,895,494	1,871.38	86,284,946	462.46
Adjusted Premium	45,475,967	566.94	9,230,626	3,979.34	16,546,601	179.18	21,196,950	1,811.68	92,450,144	495.50
Estimated FY2009 Incurred Claims										
Acute Care	31,989,626	398.81	2,658,049	1,145.89	0	0.00	0	0.00	34,647,675	185.70
Long Term Care	5,659,377	70.55	4,508,074	1,943.44	10,975,342	118.85	18,026,929	1,540.74	39,169,722	209.94
Attendant Care Enhanced Payment	97,668	1.22	98,400	42.42	372,588	4.03	591,273	50.54	1,159,929	6.22
Nursing Facility Recoupment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	37,746,672	470.58	7,264,523	3,131.75	11,347,930	122.88	18,618,202	1,591.28	74,977,327	401.85
Projected FY2011 Member Months	92,341		3,033		95,020		13,227		203,621	
Projected FY2011 Premium										
At Current Rates	52,242,227	565.75	12,070,094	3,979.78	17,025,745	179.18	23,962,575	1,811.68	105,300,642	517.14
Annual Cost Trend Assumptions										
Acute Care										
FY2010	6.0 %		7.7 %		6.0 %		7.7 %			
FY2011	8.3 %		11.5 %		8.3 %		11.5 %			
Long Term Care										
FY2010	14.2 %		-5.3 %		9.2 %		0.4 %			
FY2011	8.2 %		0.0 %		3.6 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care		0.9876		0.9874		1.0000		1.0000		
Long Term Care		1.0112		1.0118		1.0114		1.0098		
Inpatient Reimbursement Adjustment		0.9984		0.9994		1.0000		1.0000		
Out of Network Adjustment		0.9966		0.9966		1.0000		1.0000		
Projected Incurred Claims										
Acute Care	41,543,612	449.89	4,104,295	1,353.28	0	0.00	0	0.00	45,647,907	224.18
LTC	8,281,029	89.68	5,770,918	1,902.80	13,360,395	140.61	21,338,650	1,613.30	48,750,993	239.42
Total	49,824,641	539.57	9,875,213	3,256.08	13,360,395	140.61	21,338,650	1,613.30	94,398,900	463.60

FY2011 STAR+Plus Rating Summary
Travis SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Capitation Expenses	218,832	2.37	8,202	2.70	0	0.00	5,250	0.40	232,284	1.14
Service Coordination and Other Expenses	364,898	3.95	15,592	5.14	523,583	5.51	82,332	6.22	986,405	4.84
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	1,154,268	12.50	37,911	12.50	1,187,754	12.50	165,334	12.50	2,545,267	12.50
Percentage of Premium	3,276,725	5.75%	631,372	5.75%	958,260	5.75%	1,371,932	5.75%	6,238,290	5.75%
Total	4,430,992		669,283		2,146,015		1,537,266		8,783,556	43.14
Risk Margin	1,139,730	2.0%	219,608	2.0%	333,308	2.0%	477,194	2.0%	2,169,840	2.00%
Premium Tax	997,264	1.75%	192,157	1.75%	291,644	1.75%	417,545	1.75%	1,898,610	1.75%
Maintenance Tax	10,158	0.11	334	0.11	10,452	0.11	1,455	0.11	22,398	0.11
Investment Income Adjustment		1.0000		1.0000		1.0000		1.0000		1.0000
Projected Total Cost										
Acute Care	47,219,157	511.35	4,561,760	1,504.11	0	0.00	5,801	0.44	51,786,718	254.33
LTC	9,767,358	105.77	6,418,630	2,116.37	16,665,397	175.39	23,853,890	1,803.46	56,705,276	278.48
Total	56,986,516	617.13	10,980,390	3,620.48	16,665,397	175.39	23,859,691	1,803.90	108,491,994	532.81
Experience Rate Increase		9.1 %		-9.0 %		-2.1 %		-0.4 %		3.0 %

Attachment 4

Trend Analysis

The FY2011 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. Separate trend factors were developed by type of service – acute care and long term care services. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience under the various HMO plans. A single trend assumption applied to all service areas but varies by type of service, risk group and year.

The trend analysis included a review of HMO claims experience data through March 31, 2010. Based on this information, estimates of monthly incurred claims were made through January 2010. The claims cost and trend experience was reviewed separately by service area, type of service and risk group. The service area trends were then combined into a statewide average using a weighted average formula with estimated incurred claims as the weights.

FY2010 trend assumptions by risk group for acute care services were developed using the weighted average HMO trend for the period October 1, 2009 through January 31, 2010. The FY2011 acute care trend assumptions were developed based on an average of the HMO trends for the most recent two years (FY2009 through FY2010). The period May 2009 through September 2009 was excluded from the acute care trend analysis due to the unusually high nature of claims as a result of H1N1 pandemic during this period.

The FY2010 trend assumptions by risk group for long term care services were developed using the weighted average HMO trend for the period September 1, 2009 through January 31, 2010. The FY2011 long term care trend assumptions were developed based on an average of the HMO experience trends for the most recent two years (FY2009 through FY2010). For the purpose of determining the underlying FY2011 trend the FY2009 and FY2010 trends required adjustments to remove the large impact of the minimum wage increases that occurred during these time periods. No minimum wage adjustment is planned for FY2011 therefore the impact of these changes in prior periods has been removed in the selection of the FY2011 trend.

The attached exhibits present recent trend experience under the HMO plans (Exhibit A), the impact of minimum wage increases on the long term care trends (Exhibit B) and the trend assumptions used in the rating analysis (Exhibit C). The chart below presents the assumed annual trend rates for FY2010 and FY2011.

	FY2010	FY2011
Acute Care		
Medicaid Only - OCC	6.0%	8.3%
Medicaid Only - CBA	7.7%	11.5%
Dual Eligible - OCC	N/A	N/A
Dual Eligible - CBA	N/A	N/A
Long Term Care		
Medicaid Only - OCC	14.2%	8.2%
Medicaid Only - CBA	-5.3 %	0.0%
Dual Eligible - OCC	9.2 %	3.6 %
Dual Eligible - CBA	0.4 %	0.0 %

FY2011 STAR+Plus Rating
Analysis of HMO Cost Trend Factors

	Bexar	Harris	Nueces	Travis	STAR+ Total
Acute Care					
Medicaid Only OCC					
FY2009	1.086	1.091	1.164	1.190	1.106
FY2010	0.997	1.086	1.034	1.093	1.060
Medicaid Only CBA					
FY2009	1.283	1.062	1.191	1.784	1.154
FY2010	1.054	1.107	1.057	1.077	1.077
Long Term Care					
Medicaid Only OCC					
FY2009	1.111	1.169	1.063	1.174	1.137
FY2010	1.079	1.180	1.111	1.159	1.142
Medicaid Only CBA					
FY2009	0.941	0.968	0.906	1.213	0.971
FY2010	0.908	0.986	0.925	0.930	0.947
Dual Eligible OCC					
FY2009	1.093	1.150	0.979	1.045	1.089
FY2010	1.005	1.166	1.049	1.148	1.092
Dual Eligible CBA					
FY2009	0.949	1.022	0.977	0.999	0.989
FY2010	1.024	0.995	0.983	1.023	1.004

FY2011 STAR+Plus Rating
Analysis of Impact of Minnimum Wage Increases on Long Term Care Trend

	OCC	CBA
Increase in Personal Attendant Services Fee Schedule (1)		
FY2009	6.1%	3.8%
FY2010	7.9%	7.4%
PAS % of LTC (2)	75%	

Footnotes:
(1) In conjunction with minnimum wage increase in July of 2008, 2009 and 2010 PAS fee schedule increased
(2) Based on FSR reported data for all STAR+PLUS health plans

FY2011 STAR+Plus Rating
Trend Assumptions for FY2011 Managed Care Rating

	FY2010	FY2011
Acute Care		
Medicaid Only OCC	6.0 %	8.3 %
Medicaid Only CBA	7.7 %	11.5 %
Dual Eligible OCC	N/A	N/A
Dual Eligible CBA	N/A	N/A
Long Term Care		
Medicaid Only OCC	14.2 %	8.2 %
Medicaid Only CBA	-5.3 %	0.0 %
Dual Eligible OCC	9.2 %	3.6 %
Dual Eligible CBA	0.4 %	0.0 %

Attachment 5

Provider Reimbursement and Benefit Revisions Effective During FY2010 and FY2011

This attachment presents information regarding rating adjustments for the provider reimbursement and benefit revisions that became effective (or will become effective) after the base period used in rate setting (FY2009) and before the end of FY2011.

Effective September 1, 2009, Medicaid implemented a 2% rate increase for ambulance services. The attached exhibit A presents the estimated cost impact of this change.

Effective September 1, 2010, Medicaid will implement various fee schedule changes for Digestive System Surgery and Female Genital Surgery and reduce provider reimbursement by 1% across most acute care services. The attached exhibits B and C present the estimated cost impact of these changes respectively.

Effective September 1, 2010, HHSC is implementing zero-based DRG rebasing. This rebasing effort is intended to update the Standard Dollar Amounts and Relative Weights used in the Medicaid DRG payment system while achieving overall budget neutrality. While the rebasing process may be budget neutral overall, it is not budget neutral by program, service area, health plan or risk group. Attached Exhibit D presents a summary of the resulting adjustment factors.

FY2011 STAR+PLUS Rating
Provider Reimbursement Adjustments
Ambulance Reimbursement Increase Adjustment (1)

Attachment 5 - Exhibit A

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
FY2009 Ambulance Paid Claims (2)						
Bexar	1,846,669	390,097	0	0	0	2,236,765
Harris	5,985,638	1,283,859	0	0	0	7,269,497
Nueces	933,408	252,238	0	0	0	1,185,646
Travis	694,007	64,188	0	0	0	758,195
Total	9,459,721	1,990,382	0	0	0	11,450,103
Cost Impact of 2% Reimbursement Increase for Ambulance Services (3)						
Bexar	36,933	7,802	0	0	0	44,735
Harris	119,713	25,677	0	0	0	145,390
Nueces	18,668	5,045	0	0	0	23,713
Travis	13,880	1,284	0	0	0	15,164
Total	189,194	39,808	0	0	0	229,002
FY2009 Total Acute Care Claims Paid (4)						
Bexar	67,368,743	7,838,156	0	0	0	75,206,899
Harris	176,410,437	17,619,114	0	0	0	194,029,551
Nueces	33,695,841	4,902,763	0	0	0	38,598,604
Travis	30,951,497	2,281,762	0	0	0	33,233,259
Total	308,426,518	32,641,795	0	0	0	341,068,313
Rate Adjustment Factor (5)						
Bexar	0.05%	0.10%	0.00%	0.00%	0.00%	0.06%
Harris	0.07%	0.15%	0.00%	0.00%	0.00%	0.07%
Nueces	0.06%	0.10%	0.00%	0.00%	0.00%	0.06%
Travis	0.04%	0.06%	0.00%	0.00%	0.00%	0.05%
Total	0.06%	0.12%	0.00%	0.00%	0.00%	0.07%

Footnotes
(1) Ambulance service reimbursement increaseded 2% effective 9/1/2009.
(2) Equals FY2009 health plan fee-for-service claims paid for ambulance services (from Encounter database).
(3) Equals 2% of FY2009 Ambulance Claims Paid.
(4) Equals FY2009 health plan fee-for-service claims for all acute care services (from Encounter database).
(5) Equals Cost Impact of 2% Reimbursement Increase for Ambulance Services divided by FY2009 Total Acute Care Claims Paid.

FY2011 STAR+PLUS Rating
Provider Reimbursement Adjustments
Medicaid Fee Schedule Changes (1)

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Cost Impact of Fee Schedule Changes (2)						
Bexar	-260,721	-5,349	0	0	0	-266,070
Harris	-1,047,775	-58,035	0	0	0	-1,105,810
Nueces	-114,208	-7,618	0	0	0	-121,826
Travis	-145,582	-5,421	0	0	0	-151,004
Total	-1,568,286	-76,424	0	0	0	-1,644,710
FY2009 Total Acute Care Claims Paid (3)						
Bexar	67,368,743	7,838,156	0	0	0	75,206,899
Harris	176,410,437	17,619,114	0	0	0	194,029,551
Nueces	33,695,841	4,902,763	0	0	0	38,598,604
Travis	30,951,497	2,281,762	0	0	0	33,233,259
Total	308,426,518	32,641,795	0	0	0	341,068,313
Rate Adjustment Factor (4)						
Bexar	-0.39%	-0.07%	0.00%	0.00%	0.00%	-0.35%
Harris	-0.59%	-0.33%	0.00%	0.00%	0.00%	-0.57%
Nueces	-0.34%	-0.16%	0.00%	0.00%	0.00%	-0.32%
Travis	-0.47%	-0.24%	0.00%	0.00%	0.00%	-0.45%
Total	-0.51%	-0.23%	0.00%	0.00%	0.00%	-0.48%

Footnotes
(1) Digestive System Surgery, Female Genital Surgery and some Medicine codes will change effective 9/1/2010
(2) Equals estimated impact of revised fee schedule on FY2009 encounter data.
(3) Equals FY2009 health plan fee-for-service claims for all acute care services (from Encounter database).
(4) Equals Cost Impact of Fee Schedule changes divided by FY2009 Total Acute Care Claims Paid.

FY2011 STAR+PLUS Rating
Provider Reimbursement Adjustments
Provider Reimbursement Reduction (1)

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Cost Impact of Provider Reimbursement Reduction (2)						
Bexar	-652,079	-65,513	0	0	0	-717,592
Harris	-1,639,651	-179,947	0	0	0	-1,819,598
Nueces	-331,537	-48,541	0	0	0	-380,078
Travis	-304,337	-25,908	0	0	0	-330,245
Total	-2,927,604	-319,909	0	0	0	-3,247,513
FY2009 Total Acute Care Claims Paid (3)						
Bexar	67,368,743	7,838,156	0	0	0	75,206,899
Harris	176,410,437	17,619,114	0	0	0	194,029,551
Nueces	33,695,841	4,902,763	0	0	0	38,598,604
Travis	30,951,497	2,281,762	0	0	0	33,233,259
Total	308,426,518	32,641,795	0	0	0	341,068,313
Rate Adjustment Factor (4)						
Bexar	-0.97%	-0.84%	0.00%	0.00%	0.00%	-0.95%
Harris	-0.93%	-1.02%	0.00%	0.00%	0.00%	-0.94%
Nueces	-0.98%	-0.99%	0.00%	0.00%	0.00%	-0.98%
Travis	-0.98%	-1.14%	0.00%	0.00%	0.00%	-0.99%
Total	-0.95%	-0.98%	0.00%	0.00%	0.00%	-0.95%

Footnotes
(1) Effective 9/1/2010 most acute care services will have reimbursement reduced by 1%
(2) Equals estimated impact of 1% reduction on FY2009 encounter data.
(3) Equals FY2009 health plan fee-for-service claims for all acute care services (from Encounter database).
(4) Equals Cost Impact of Reimbursement Reduction divided by FY2009 Total Acute Care Claims Paid.

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Limited DRG Rebasing (1)						
Bexar	-487,785	-4,748	0	0	0	-492,533
Harris	-710,410	-65,868	0	0	0	-776,278
Nueces	-297,661	-15,062	0	0	0	-312,723
Travis	-49,353	-1,323	0	0	0	-50,676
Total	-1,545,208	-87,002	0	0	0	-1,632,210
FY2009 Total Acute Care Claims Paid (2)						
Bexar	67,368,743	7,838,156	0	0	0	75,206,899
Harris	176,410,437	17,619,114	0	0	0	194,029,551
Nueces	33,695,841	4,902,763	0	0	0	38,598,604
Travis	30,951,497	2,281,762	0	0	0	33,233,259
Total	308,426,518	32,641,795	0	0	0	341,068,313
Rate Adjustment Factor (3)						
Bexar	-0.72%	-0.06%	0.00%	0.00%	0.00%	-0.65%
Harris	-0.40%	-0.37%	0.00%	0.00%	0.00%	-0.40%
Nueces	-0.88%	-0.31%	0.00%	0.00%	0.00%	-0.81%
Travis	-0.16%	-0.06%	0.00%	0.00%	0.00%	-0.15%
Total	-0.50%	-0.27%	0.00%	0.00%	0.00%	-0.48%

Footnotes
(1) Equals the additional cost resulting from limited DRG Rebasing.
(2) Equals FY2009 health plan fee-for-service claims for all services (ICHP provided encounter data).
(3) Additional cost divided by FY2009 Total Incurred Claims.

Attachment 6

Substance Abuse Benefit for Adults Adjustment

Effective September 1, 2010 Medicaid Adults will no longer be subject to the 30 visit limit for outpatient substance abuse therapies. The cost increase associated with this benefit change is assumed to be offset by a reduction in inpatient hospitalization costs.

STAR+PLUS health plans will not experience the costs savings associated with reduced hospitalizations because inpatient services are carved out of the STAR+PLUS program. The attached exhibit presents the estimated cost impact of this change.

FY2011 STAR+PLUS Rating
Provider Reimbursement Adjustments
Substance Abuse Benefit for Adults (1)

Attachment 6

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Cost Impact of Substance Abuse Benefit (2)						
Bexar	152,950	5,510	0	0	0	158,460
Harris	324,990	9,608	0	0	0	334,598
Nueces	54,852	3,310	0	0	0	58,162
Travis	54,239	1,569	0	0	0	55,807
Total	587,031	19,996	0	0	0	607,026
FY2009 Total Acute Care Claims Paid (3)						
Bexar	75,353,548	8,237,568	0	0	0	83,591,116
Harris	183,526,756	19,378,453	0	0	0	202,905,210
Nueces	35,615,299	5,123,710	0	0	0	40,739,009
Travis	32,074,424	2,647,428	0	0	0	34,721,852
Total	326,570,027	35,387,160	0	0	0	361,957,187
Rate Adjustment Factor (4)						
Bexar	0.20%	0.07%	0.00%	0.00%	0.00%	0.19%
Harris	0.18%	0.05%	0.00%	0.00%	0.00%	0.16%
Nueces	0.15%	0.06%	0.00%	0.00%	0.00%	0.14%
Travis	0.17%	0.06%	0.00%	0.00%	0.00%	0.16%
Total	0.18%	0.06%	0.00%	0.00%	0.00%	0.17%

Footnotes
(1) Effective 9/1/2010 Medicaid Adults no longer subject to maximum outpatient therapy visits
(2) Equals estimated impact of increased outpatient expenditures
(3) Equals FY2009 health plan fee-for-service claims for all acute care services (from HMO reported lag data).
(4) Equals Cost Impact of Reimbursement Reduction divided by FY2009 Total Acute Care Claims Paid.

Attachment 7

Attendant Care Enhanced Payment Adjustment

Effective September 1, 2010 Medicaid increased the enhanced payment paid to attendant care providers by $0.15 per unit of service. Attendant care services are a commonly provided long term care benefit under the STAR+PLUS program

The attached exhibit presents the estimated cost impact of this change. The exhibit shows FY2008 attendant care units provided by each health plan and FY2008 long term care payments. FY2008 data was used due to time constraints and the availability of detail level attendant care unit data.

FY2011 STAR+PLUS Rating
Provider Reimbursement Adjustments
Attendant Care Enhanced Payments (1)

Attachment 7

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
FY2008 Attendant Care Enhanced Payment Units (2)						
Bexar	1,243,014	443,833	3,313,768	2,072,749	0	7,073,364
Harris	1,835,235	663,480	3,206,785	1,975,595	0	7,681,096
Nueces	981,396	322,269	2,353,157	1,768,802	0	5,425,624
Travis	340,699	267,091	785,954	1,005,925	0	2,399,669
Total	4,400,344	1,696,673	9,659,664	6,823,072	0	22,579,753
Cost Impact of $0.15 Increase per unit for Attendant Care Enhanced Payments (3)						
Bexar	186,452	66,575	497,065	310,912	0	1,061,005
Harris	275,285	99,522	481,018	296,339	0	1,152,164
Nueces	147,209	48,340	352,974	265,320	0	813,844
Travis	51,105	40,064	117,893	150,889	0	359,950
Total	660,052	254,501	1,448,950	1,023,461	0	3,386,963
FY2008 Total Long Term Care Claims Paid (4)						
Bexar	18,059,263	7,205,585	45,314,833	34,005,004	0	104,584,686
Harris	41,661,531	14,816,317	65,724,380	39,026,174	0	161,228,402
Nueces	11,344,376	4,074,492	27,259,186	23,799,806	0	66,477,861
Travis	4,572,846	3,392,446	10,384,570	15,441,344	0	33,791,206
Total	75,638,017	29,488,840	148,682,970	112,272,328	0	366,082,155
Rate Adjustment Factor (5)						
Bexar	1.03%	0.92%	1.10%	0.91%	0.00%	1.01%
Harris	0.66%	0.67%	0.73%	0.76%	0.00%	0.71%
Nueces	1.30%	1.19%	1.29%	1.11%	0.00%	1.22%
Travis	1.12%	1.18%	1.14%	0.98%	0.00%	1.07%
Total	0.87%	0.86%	0.97%	0.91%	0.00%	0.93%

Footnotes
(1) Effective 9/1/2010 Attendant Care Enhacned Payments increased by $0.15 per unit.
(2) Equals the number of units on which Attendant Care Enhanced Payments were paid.
(3) Equals $0.15 times the FY2008 units.
(4) Equals FY2008 health plan fee-for-service claims for all long term care services (from MCO reported data).
(5) Equals Cost Impact of $0.15 per unit Increase for Enhanced Payments divided by FY2008 Total Long Term Care Claims Paid.

Attachment 8

Out-of-Network Reimbursement Adjustment

Effective March 1, 2010, the state implemented a change in the rules regarding STAR+PLUS HMO reimbursement to out-of-network providers. Previously, HMOs were allowed to reimbursement out-of-network providers no less than Medicaid fee-for-service (FFS) rates less 3%. Under the proposed new rule, the maximum discount has been increased to 5%.

The attached exhibit presents the estimated cost impact from this revision. The exhibit shows FY2009 in-network and out-of-network claims experience as reported by the HMOs. Based on this information, the FY2009 cost impact of the proposed program change was estimated.

FY2011 STAR+PLUS Rating
Analysis of Out-of-Network Reimbursement

Service Area	FY2009 Experience Cost (1) In-Net Claims	Out-of-Net Claims	Out-of-Area Claims	Total Claims	Out-of-Net as % of Total	Current Out-of-Net Reimb.	New Rule	Cost Impact (2)	Rate Adjust.
Bexar	57,402,577	10,566,637	9,678,988	77,648,202	13.61%	M-3%	M-5%	-211,333	0.9973
Harris	137,640,370	41,876,884	19,972,384	199,489,638	20.99%	M-3%	M-5%	-837,538	0.9958
Nueces	20,852,036	5,298,298	13,885,223	40,035,557	13.23%	M-3%	M-5%	-105,966	0.9974
Travis	24,648,674	5,721,251	3,493,090	33,863,015	16.90%	M-3%	M-5%	-114,425	0.9966
Total - STAR+PLUS	240,543,656	63,463,070	47,029,686	351,036,412	18.08%			-1,269,261	0.9964

Footnotes:
(1) Equals FY2009 health plan fee-for-service claims for all acute care services (from MCO reported data).
(2) Cost impact of reducing OON discount from 3% to 5%

Attachment 9

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 memberships. 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 risk group.

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. The risk adjustment factor is applied to the acute care portion of the community rate for each health plan and risk group. If necessary, an additional adjustment was made to the risk adjusted community rates to ensure that, in total, they produce the same premium as the community rates.

For FY2011, 100% of the risk adjustment factors were recognized.

TEXAS STAR+PLUS CDPS SDA/Health Plan Risk

Reporting Period: September 1, 2008 to August 31, 2009

	STAR+PLUS					
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS						
STAR+PLUS--Medicaid-Only OCC	72,275	100.00	460.51	460.51	1.00	1.00
BEXAR	18,902	100.00	419.47	475.39	1.00	0.88
AMERIGROUP	3,104	16.42	349.73	428.92	0.90	0.82
Molina	2,281	12.07	309.21	398.77	0.84	0.78
Superior	13,517	71.51	453.43	498.55	1.05	0.91
HARRIS	40,015	100.00	463.42	452.48	1.00	1.02
AMERIGROUP	19,177	47.92	406.42	428.03	0.95	0.95
Evercare	16,544	41.34	555.14	491.40	1.09	1.13
Molina	4,294	10.73	361.88	410.59	0.91	0.88
NUECES	6,721	100.00	567.96	503.42	1.00	1.13
Evercare	2,392	35.59	599.06	466.98	0.93	1.28
Superior	4,329	64.41	551.05	523.23	1.04	1.05
TRAVIS	6,637	100.00	450.87	422.51	1.00	1.07
AMERIGROUP	4,796	72.26	470.43	432.75	1.02	1.09
Evercare	1,841	27.74	399.14	395.44	0.94	1.01

Note: CDPS results are based on information in enrollment, encounter and pharmacy datasets. CDPS results were obtained for Medicaid-only enrollees who had been in the program for at least 3 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 STAR+PLUS CDPS SDA/Health Plan Risk

Reporting Period: September 1, 2008 to August 31, 2009

SDA/Health Plan	STAR+PLUS					
	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS						
STAR+PLUS--Medicaid-Only, CBA	2,552	100.00	2390.61	2390.61	1.00	1.00
BEXAR	669	100.00	2326.62	2266.07	1.00	1.03
AMERIGROUP	85	12.71	2236.77	2469.35	1.09	0.91
Molina	73	10.91	2157.30	1995.02	0.88	1.08
Superior	511	76.38	2364.46	2271.26	1.00	1.04
HARRIS	1,227	100.00	2450.09	2409.99	1.00	1.02
AMERIGROUP	344	28.04	2505.27	2574.94	1.07	0.97
Evercare	799	65.12	2359.99	2318.41	0.96	1.02
Molina	84	6.85	3091.64	2594.22	1.08	1.19
NUECES	443	100.00	2203.96	2481.80	1.00	0.89
Evercare	123	27.77	2236.40	2181.08	0.88	1.03
Superior	320	72.23	2191.48	2597.41	1.05	0.84
TRAVIS	213	100.00	2637.76	2479.95	1.00	1.06
AMERIGROUP	129	60.56	3077.10	2796.12	1.13	1.10
Evercare	84	39.44	1964.25	1995.26	0.80	0.98

Note: CDPS results are based on information in enrollment, encounter and pharmacy datasets. CDPS results were obtained for Medicaid-only enrollees who had been in the program for at least 3 months (age<1) and for those who had been in the program for at least 6 months (age≥1) (permitting one month lapse in enrollment within the 6 months period).

Attachment 10

Frew Rewards and Sanctions

Effective September 1, 2009, HHSC implemented a new provision in the STAR+PLUS program named Frew Rewards and Sanctions. This benefit is part of the corrective actions order under the Frew lawsuit settlement. The benefit is intended to provide strong incentives for the health plans to invest in THSteps check-up compliance. Those health plans that satisfy HHSC-specified performance targets will retain their full allotment of Frew Rewards and Sanctions funding. Those plans that do not meet the targets will be required to return a portion of their funding.

The attached exhibit presents the calculation of the Frew Rewards and Sanctions monthly amount paid to each health plan, including a provision for premium tax. The rate applies to all Medicaid Only clients because STAR+PLUS does not have separate children's risk groups. Based on historical enrollment information, approximately 12.4% of Medicaid Only clients are under age 21.

FY2011 Rating Analysis
Frew Rewards and Sanctions

	STAR	STAR+ PLUS (4)	STAR Health	Total
Projected FY2011 Member Months Under Age 21 (1)	16,920,490	117,649	377,867	17,416,005
Frew Rewards and Sanctions Amount (2)				10,000,000
Rate Adjustment (3)	$ 0.58	$ 0.07	$ 0.58	$ 0.58

Footnotes:
(1) For STAR, includes TANF Children, Newborns, Expansion Children and Federal Mandate Children risk groups. Excludes those Pregnant Women under age 21. For STAR+PLUS, caseload provided by System Forecasting.
(2) Amount provided by Managed Care Operations.
(3) Equals Frew Rewards and Sanctions amount divided by member months. Includes an allowance for 1.75% premium tax.
(4) For STAR+PLUS, applies to Medicaid Only risk group only. Also, because STAR+PLUS does not have separate children's risk groups, the rate applies to all Medicaid Only clients including those age 21 and over. Approximately 12.4% of Medicaid Only clients are under age 21 so the STAR+PLUS add-on factor is adjusted from $0.58 pmpm to $0.07 pmpm (equals $0.58 times 12.4%).

Attachment 11

Inpatient Savings Incentives and Disincentives

In conjunction with carving inpatient hospital services out of the STAR+PUS program, HHSC implemented a provision to incentivize STAR+PUS health plans to manage and reduce the hospital expenditures of their members.

For the first two fiscal years of the current STAR+PLUS program (FY2007 and FY2008), health plans were required to achieve a 22% reduction in the inpatient hospital costs associated with their members. Those health plans that exceed the 22% target will share in the savings achieved via an incentive payment. Those health plans that fall short of the 22% target will share in the losses via a disincentive payment.

The attached exhibit presents the calculation of the Inpatient Savings Incentive and Disincentive monthly amounts paid to each health plan. The rate is calculated by risk group and includes a provision for premium tax.

FY2011 STAR+PLUS Rating
Inpatient Hospital Savings Incentives/Disincentives (1)

	Medicaid Only		Dual Eligible		
	OCC	CBA	OCC	CBA	Grand Total
Incentives/Disincentives (2)					
Amerigroup Bexar	37,059	6,819	0	0	43,879
Molina Bexar	61,207	3,329	0	0	64,536
Superior Bexar	952,995	-34,677	0	0	918,318
Amerigroup Harris	3,503,109	-42,035	0	0	3,461,074
Evercare Harris	2,699,731	-52,551	0	0	2,647,180
Molina Harris	566,505	-3,411	0	0	563,094
Evercare Nueces	324,817	-3,502	0	0	321,315
Superior Nueces	609,199	25,568	0	0	634,767
Amerigroup Travis	-17,610	7,986	0	0	-9,625
Evercare Travis	71,474	-7,642	0	0	63,832
Total - All Plans	8,808,486	-100,116	0	0	8,708,370
Projected FY2011 Member Months (3)					
Amerigroup Bexar	41,429	1,506	62,662	6,510	112,106
Molina Bexar	32,844	1,279	68,563	9,394	112,081
Superior Bexar	176,245	11,768	119,480	22,869	330,362
Amerigroup Harris	249,694	5,543	198,121	11,082	464,440
Evercare Harris	213,141	16,060	252,734	33,344	515,279
Molina Harris	63,561	1,977	45,039	3,345	113,921
Evercare Nueces	34,935	2,351	48,106	12,185	97,576
Superior Nueces	55,830	3,951	50,609	15,943	126,333
Amerigroup Travis	63,173	1,786	53,167	6,645	124,772
Evercare Travis	29,169	1,246	41,853	6,581	78,849
Total - All Plans	960,020	47,468	940,334	127,898	2,075,721
FY2011 Rate Adjustment (4)					
Amerigroup Bexar	0.91	4.61	0.00	0.00	0.40
Molina Bexar	1.90	2.65	0.00	0.00	0.59
Superior Bexar	5.50	-3.00	0.00	0.00	2.83
Amerigroup Harris	14.28	-7.72	0.00	0.00	7.58
Evercare Harris	12.89	-3.33	0.00	0.00	5.23
Molina Harris	9.07	-1.76	0.00	0.00	5.03
Evercare Nueces	9.46	-1.52	0.00	0.00	3.35
Superior Nueces	11.11	6.59	0.00	0.00	5.11
Amerigroup Travis	-0.28	4.55	0.00	0.00	-0.08
Evercare Travis	2.49	-6.24	0.00	0.00	0.82
Total - All Plans	9.34	-2.15	0.00	0.00	4.27

Footnotes
(1) Plans assumed to achieve 22% inpatient savings target
(2) Net Incentive/Disincentive based on inpatient savings achieved during FY2007 and FY2008.
(3) Projected FY2011 caseload as of 5/2010 (provided by HHSC).
(4) Equals Incentive/Disincentive divided by projected FY2011 member months, including a provision for premium tax..