STATE OF TEXAS
MEDICAID MANAGED CARE
STAR+PLUS PROGRAM RATE SETTING
STATE FISCAL YEAR 2013

Prepared for:
Texas Health and Human Services Commission

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TABLE OF CONTENTS

I. Introduction

Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to develop the state fiscal year 2013 (FY2013, September 1, 2012 through August 31, 2013) 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 FY2013 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 September 2008 and a projection of future enrollment through August 2013. These projections were prepared by HHSC System Forecasting staff.
- Claim lag reports by risk group for each health plan for the period September 2008 through February 2012. These reports include monthly paid claims by month of service.
- Inpatient claims data by risk group for members currently enrolled in each health plan for the period September 2009 through February 2012. Prior to March 1, 2012 these services were carved out of the STAR+PLUS program and paid on a fee-for-service basis.
- Financial Statistical Reports (FSR) for each participating HMO for FY2010, FY2011 and the first six months of FY2012. 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 (FY2012) 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 and service coordination expenses
- FY2011 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 (FFS) and Primary Care Case Management (PCCM) plans.

- Information provided by HHSC regarding FY2011 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 FY2013 Medicaid provider reimbursement rates.
- Information provided by HHSC regarding the proposed DRG rebasing.
- Information provided by HHSC regarding wrap payments paid by HHSC to Federally Qualified Health Centers (FQHCs).

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 FY2013 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 (FY2011) were developed. These estimates were then projected forward to FY2013 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 FY2013 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)
- Dallas County Service Area (Dallas)
- Harris County Service Area (Houston)
- Nueces County Service Area (Corpus Christi)
- Tarrant County Service Area (Fort Worth)
- Travis County Service Area (Austin)

A description of the rating methodology utilized for the new El Paso, Hidalgo, Jefferson and Lubbock SDAs can be found in the report titled State of Texas Medicaid Managed Care Expansion STAR+PLUS Program Rate Setting El Paso, Hidalgo, Jefferson and Lubbock Service Delivery Areas State Fiscal Year 2013.

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
- Inpatient Facility Services
- Prescription Drugs

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:

- Nursing Facilities
- Dental and Orthodontia Services

Further information regarding the carve-in of prescription drugs into the STAR+PLUS program can be found in the report titled State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2013.

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 FY2013 cost for each individual HMO by estimating their base period (FY2011) 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 FY2013 cost for each health plan in the service area. The weights used in this formula are the projected FY2013 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 non-inpatient 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 8. The final FY2013 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 FY2013 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. A single trend assumption applied to all service areas but varies by risk group, type of service and projection year (FY2012 and FY2013).

The trend analysis included a review of HMO claims experience data through February 29, 2012. Based on this information, estimates of monthly incurred claims were made through December 2011. 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 FY2012 non-inpatient acute care trend assumptions were developed from two components: (i) the actual estimated trend for the period September 2011 through December 2011 and (ii) the projected trend for the period January 2012 through August 2012. The experience trends for the period September 2011 through December 2011 were adjusted to remove the impact of the various provider reimbursement reductions effective September 1, 2011 and discussed further in this report. The trends for the final eight months of FY2012 were projected using experience from FY2010 (3/7 weight), FY2011 (3/7 weight) and the first four months of FY2012 (1/7 weight). The FY2013 non-inpatient acute care trend assumptions were developed based on an average of the HMO trends for the most recent three fiscal years (FY2010, FY2011 and FY2012).

The inpatient facility trend assumptions were developed from an analysis of inpatient claims currently paid on a fee-for-service basis for clients enrolled in the STAR+PLUS program as well as those clients enrolled in the Primary Care Case Management (PCCM) program outside of STAR+PLUS service areas. Based on this analysis the FY2012 trend was developed from two components: (i) the actual estimated trend for the period September 2011 through December 2011 and (ii) the projected trend for the period January 2012 through August 2012. The trends for the final eight months of FY2012 were projected using experience from FY2010 (3/7 weight), FY2011 (3/7 weight) and the first four months of FY2012 (1/7 weight). The FY2013 inpatient trend assumptions were developed based on an average of the trends for the most recent three fiscal years (FY2010, FY2011 and FY2012).

The FY2012 long term care trend assumptions by risk group were developed from two components: (i) the actual estimated trend for the period September 2011 through December 2011 and (ii) the projected trend for the period January 2012 through August 2012. The experience trends for FY2010 were adjusted to remove the impact of the

minimum wage increases effective during that time period. The trends for the final eight months of FY2012 were projected using experience from FY2010 (3/7 weight), FY2011 (3/7 weight) and the first four months of FY2012 (1/7 weight). The FY2013 long term care trend assumptions were developed based on an average of the HMO trends for the most recent three fiscal years (FY2010, FY2011 and FY2012).

Attachment 4 is a summary of the cost trend analysis. The chart below presents the assumed annual trend rates for FY2012 and FY2013.

	FY2012	FY2013
Acute Care (non-inpatient)		
Medicaid Only - OCC	5.8%	4.3%
Medicaid Only - CBA	3.0%	1.5%
Acute Care (inpatient)		
Medicaid Only - OCC	2.3%	2.9%
Medicaid Only - CBA	2.3%	2.9%
Long Term Care		
Medicaid Only - OCC	12.3%	10.5%
Medicaid Only - CBA	1.5 %	0.0%
Dual Eligible - OCC	6.3 %	5.0 %
Dual Eligible - CBA	1.1 %	0.0 %

Managed Care Efficiency Factor

Effective September 1, 2011, HHSC implemented service area expansions for all existing STAR+PLUS areas. This resulted in the elimination of PCCM in these expansion counties and the movement of those clients along with some current FFS clients to MCOs. We have considered this in our analysis by including the actual PCCM and FFS claims experience in our rating model. In each of the expansion counties we used FY2011 PCCM and FFS claims experience in deriving the FY2013 community rates.

Our rating analysis includes an explicit assumption regarding the anticipated reduction in claims cost resulting from the implementation of managed care in these expansion areas. In deriving the managed care efficiency factor, we relied upon experience from the previous STAR+PLUS expansion into the current STAR+PLUS service areas effective February 1, 2007. The following table includes the managed care savings assumptions by type of service:

Acute Care (non-inpatient)	10%
Acute Care (inpatient)	22%
Long Term Care	10%
Nursing Facility Care	5%

Although nursing facility services are excluded from the STAR+PLUS capitation rates, the estimated savings on these services have been analyzed in determining the overall savings associated with the STAR+PLUS expansion. The reduction in nursing facility services is assumed to be partially offset by an increase in other acute care and long term care

services.

These discount factors are intended to reflect the reduction in average claim costs when moving to the STAR+PLUS managed care model.

Further expansion of the STAR+PLUS program occurred on March 1, 2012 with the carve-in of inpatient hospital services. Prior to March 1, 2012 inpatient hospital services for STAR+PLUS members were managed by the participating health plans but carved out and paid on a fee-for-service basis. With the transition of these services back into STAR+PLUS under a fully capitated arrangement a savings of 5.75% of claims cost has been assumed.

Provider Reimbursement Adjustments

Medicaid provider reimbursement changes were provided for the following services: the two 1% provider rate cuts effective 9/1/2010 and 2/1/2011, the inclusion of wrap payments for FQHCs effective 9/1/2011, DRG rebasing, legislative mandated provider rate reductions, the transition of outpatient imaging services to a fee schedule, 40% reduction for non emergent services provided in an emergency room, and further revision to the DME and therapy fee schedules.

The legislative mandated provider rate reductions included the following:

- 8% hospital rate reduction
- 10.5% laboratory rate reduction (excludes DSHS and physician lab)
- Varying durable medical equipment reductions.
  5% reduction for all other providers excluding ambulance, private duty nursing (children only), home health (children only), dental, orthodontics, physicians (includes psychiatrists, optometrists, radiologists, podiatrists and orthodontists), FQHCs, Rural Health Centers and TEFRA reimbursed hospitals.

The rating adjustments for these provider reimbursement changes were calculated by applying actual health plan encounter data to the old and new reimbursement basis and the resulting impact determined. Attachment 6 presents a summary of the derivation of these adjustment factors.

Impact of Newly Capitated Services

Effective March 1, 2012 certain early childhood intervention services along with hearing and audiology services for children became capitated services. Prior to March 1, 2012 these services were carved out of the STAR+PLUS program and paid on a fee-for-service basis. The adjustment factor for these changes can be found in Attachment 6.

DRG Rebasing Adjustments

Effective September 1, 2011, HHSC rebased the DRG reimbursement system and required rural hospitals to be reimbursed their full cost standard dollar amount. This rebasing effort updated the Standard Dollar Amounts and Relative Weights used in the Medicaid DRG payment system. HHSC staff has utilized the FY2011 encounter data to determine the cost

impact from DRG Rebasing on each service area and risk group. Exhibit J of Attachment 6 presents a summary of the resulting adjustment factors.

SSI 8% Restoration

Effective March 1, 2012 inpatient reimbursement was further amended with the restoration of the 8% reimbursement reduction previously implemented for SSI clients. This restoration was included in the inpatient analysis by increasing the FY2011 base period claims data by 8%.

Personal Assistance Services Reimbursement Adjustment

Effective September 1, 2011 the reimbursement for personal assistance services (PAS) was reduced by $0.46 per unit for CBA clients. Attachment 7 presents a summary of the derivation of the adjustment factor.

Task Hour Guideline Changes

Effective September 1, 2011 changes were made to the functional assessment guidelines that determine the number of personal attendant service hours for STAR+PLUS members. Prior to September 1, 2011 a maximum of 30 minutes per day were allowed for transfer and ambulation services. This maximum was increased to 30 minutes for transfer and 30 minutes for ambulation services. Attachment 7 presents a summary of the derivation of the adjustment factor.

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 non-inpatient 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 8.

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

IV. Administrative Fees 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 ($0.125 pmpm) and a risk margin (2.0% of premium).

V. Summary

The chart below presents the results of the FY2013 STAR+PLUS rating analysis and includes all components of the premium – acute care non-inpatient, acute care inpatient, long term care and prescription drugs. This report details the development of the acute care (non-inpatient and inpatient) and long term care components of the premium. Further information regarding the prescription drug component of the premium rate can be found in the report titled State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2013.

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA
Monthly Premium Rates				
Amerigroup - Bexar	$1,126.37	$3,834.35	$300.91	$1,735.33
Molina - Bexar	1,094.45	3,794.88	300.91	1,735.33
Superior - Bexar	1,163.35	3,947.18	300.91	1,735.33
Molina – Dallas	1,003.22	4,062.25	225.99	1,615.12
Superior – Dallas	1,003.22	4,062.25	225.99	1,615.12
Amerigroup - Harris	1,241.95	4,581.10	269.30	1,498.29
Evercare – Harris	1,297.53	4,329.47	269.30	1,498.29
Molina – Harris	1,217.11	4,475.69	269.30	1,498.29
Evercare - Nueces	1,280.50	3,738.80	427.59	1,651.42
Superior - Nueces	1,339.02	3,927.42	427.59	1,651.42
Amerigroup – Tarrant	1,120.12	3,919.54	144.60	1,511.19
Health Spring - Tarrant	1,120.12	3,919.54	144.60	1,511.19
Amerigroup - Travis	1,246.78	4,328.43	200.51	1,715.53
Evercare - Travis	1,201.88	4,115.34	200.51	1,715.53

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 FY2013 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	$ 3.54	$ 3.54

Attachment 1 presents additional information regarding the FY2013 rates including a comparison to current (FY2012) rates.

VI. Actuarial Certification of FY2013 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 2013 (FY2013) 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 FY2013 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 FY2013 STAR+PLUS Rating Analysis

The attached exhibit presents summary information regarding the FY2013 rates. Included on the exhibit are current March 1, 2012- August 31, 2012 premium rates by component, FY2013 premium rates by component and the percentage rate change by component.

FY2013 STAR+PLUS Rating Summary

	Medicaid Only		Dual Eligible	
	OCC	CBA	OCC	CBA
3/1/12-8/31/12 Acute Care (Non-Inpatient) Premium Rates pmpm				
Amerigroup - Bexar	374.53	1,428.23	0.00	0.00
Molina - Bexar	362.54	1,289.78	0.00	0.00
Superior - Bexar	430.65	1,297.96	0.00	0.00
Molina – Dallas	352.72	1,809.43	0.00	0.00
Superior – Dallas	352.72	1,809.43	0.00	0.00
Amerigroup - Harris	449.73	1,998.68	0.00	0.00
Evercare – Harris	510.97	1,709.89	0.00	0.00
Molina – Harris	433.22	1,917.71	0.00	0.00
Evercare - Nueces	470.20	1,365.73	0.00	0.00
Superior - Nueces	535.26	1,445.82	0.00	0.00
Amerigroup – Tarrant	399.24	2,048.09	0.00	0.00
Health Spring - Tarrant	399.24	2,048.09	0.00	0.00
Amerigroup - Travis	495.44	1,446.83	0.00	0.00
Evercare - Travis	449.18	1,196.58	0.00	0.00
3/1/12-8/31/12 Acute Care (Inpatient) Premium Rates pmpm				
Amerigroup - Bexar	145.88	397.20	0.00	0.00
Molina - Bexar	145.88	397.20	0.00	0.00
Superior - Bexar	145.88	397.20	0.00	0.00
Molina – Dallas	203.95	603.69	0.00	0.00
Superior – Dallas	203.95	603.69	0.00	0.00
Amerigroup - Harris	199.49	641.36	0.00	0.00
Evercare – Harris	199.49	641.36	0.00	0.00
Molina – Harris	199.49	641.36	0.00	0.00
Evercare - Nueces	145.51	415.37	0.00	0.00
Superior - Nueces	145.51	415.37	0.00	0.00
Amerigroup – Tarrant	238.98	707.37	0.00	0.00
Health Spring - Tarrant	238.98	707.37	0.00	0.00
Amerigroup - Travis	178.13	483.61	0.00	0.00
Evercare - Travis	178.13	483.61	0.00	0.00
3/1/12-8/31/12 Long Term Care Premium Rates pmpm				
Amerigroup - Bexar	152.52	1,510.03	265.80	1,677.33
Molina - Bexar	152.52	1,510.03	265.80	1,677.33
Superior - Bexar	152.52	1,510.03	265.80	1,677.33
Molina – Dallas	110.04	564.52	241.10	1,593.69
Superior – Dallas	110.04	564.52	241.10	1,593.69
Amerigroup - Harris	165.05	1,488.07	236.95	1,473.24
Evercare – Harris	165.05	1,488.07	236.95	1,473.24
Molina – Harris	165.05	1,488.07	236.95	1,473.24
Evercare - Nueces	243.66	1,489.48	385.79	1,577.31
Superior - Nueces	243.66	1,489.48	385.79	1,577.31
Amerigroup – Tarrant	90.87	466.15	199.50	1,318.71
Health Spring - Tarrant	90.87	466.15	199.50	1,318.71
Amerigroup - Travis	115.19	1,984.07	179.87	1,714.91
Evercare - Travis	115.19	1,984.07	179.87	1,714.91

FY2013 STAR+PLUS Rating Summary

	Medicaid Only		Dual Eligible	
	OCC	CBA	OCC	CBA
3/1/12-8/31/12 Prescription Drug Premium Rates pmpm				
Amerigroup - Bexar	387.06	717.24	0.00	0.00
Molina - Bexar	387.06	717.24	0.00	0.00
Superior - Bexar	387.06	717.24	0.00	0.00
Molina – Dallas	319.73	701.47	0.00	0.00
Superior – Dallas	319.73	701.47	0.00	0.00
Amerigroup - Harris	366.33	771.96	0.00	0.00
Evercare – Harris	366.33	771.96	0.00	0.00
Molina – Harris	366.33	771.96	0.00	0.00
Evercare - Nueces	399.58	722.01	0.00	0.00
Superior - Nueces	399.58	722.01	0.00	0.00
Amerigroup – Tarrant	390.42	835.26	0.00	0.00
Health Spring - Tarrant	390.42	835.26	0.00	0.00
Amerigroup - Travis	386.62	887.88	0.00	0.00
Evercare - Travis	386.62	887.88	0.00	0.00
3/1/12-8/31/12 Total Premium Rates pmpm				
Amerigroup - Bexar	1,059.99	4,052.70	265.80	1,677.33
Molina - Bexar	1,048.00	3,914.25	265.80	1,677.33
Superior - Bexar	1,116.11	3,922.43	265.80	1,677.33
Molina – Dallas	986.44	3,679.11	241.10	1,593.69
Superior – Dallas	986.44	3,679.11	241.10	1,593.69
Amerigroup - Harris	1,180.60	4,900.07	236.95	1,473.24
Evercare – Harris	1,241.84	4,611.28	236.95	1,473.24
Molina – Harris	1,164.09	4,819.10	236.95	1,473.24
Evercare - Nueces	1,258.95	3,992.59	385.79	1,577.31
Superior - Nueces	1,324.01	4,072.68	385.79	1,577.31
Amerigroup – Tarrant	1,119.51	4,056.87	199.50	1,318.71
Health Spring - Tarrant	1,119.51	4,056.87	199.50	1,318.71
Amerigroup - Travis	1,175.38	4,802.39	179.87	1,714.91
Evercare - Travis	1,129.12	4,552.14	179.87	1,714.91
FY2013 Acute Care (Non-Inpatient) Premium Rates pmpm (Community Rates with Risk Adjustment)				
Amerigroup - Bexar	399.43	1,153.88	0.00	0.00
Molina - Bexar	367.51	1,114.41	0.00	0.00
Superior - Bexar	436.41	1,266.71	0.00	0.00
Molina – Dallas	384.55	1,185.68	0.00	0.00
Superior – Dallas	384.55	1,185.68	0.00	0.00
Amerigroup - Harris	463.78	1,669.59	0.00	0.00
Evercare – Harris	519.36	1,417.96	0.00	0.00
Molina – Harris	438.94	1,564.18	0.00	0.00
Evercare - Nueces	446.61	1,037.18	0.00	0.00
Superior - Nueces	505.13	1,225.80	0.00	0.00
Amerigroup – Tarrant	439.35	825.92	0.00	0.00
Health Spring - Tarrant	439.35	825.92	0.00	0.00
Amerigroup - Travis	530.59	1,218.91	0.00	0.00
Evercare - Travis	485.69	1,005.82	0.00	0.00

FY2013 STAR+PLUS Rating Summary

	Medicaid Only		Dual Eligible	
	OCC	CBA	OCC	CBA
FY2013 Acute Care (Inpatient) Premium Rates pmpm (Community Rates)				
Amerigroup - Bexar	143.24	421.39	0.00	0.00
Molina - Bexar	143.24	421.39	0.00	0.00
Superior - Bexar	143.24	421.39	0.00	0.00
Molina – Dallas	168.95	466.61	0.00	0.00
Superior – Dallas	168.95	466.61	0.00	0.00
Amerigroup - Harris	207.91	677.67	0.00	0.00
Evercare – Harris	207.91	677.67	0.00	0.00
Molina – Harris	207.91	677.67	0.00	0.00
Evercare - Nueces	151.07	433.69	0.00	0.00
Superior - Nueces	151.07	433.69	0.00	0.00
Amerigroup – Tarrant	197.84	446.94	0.00	0.00
Health Spring - Tarrant	197.84	446.94	0.00	0.00
Amerigroup - Travis	193.82	457.83	0.00	0.00
Evercare - Travis	193.82	457.83	0.00	0.00
FY2013 Long Term Care Premium Rates pmpm (Community Rates)				
Amerigroup - Bexar	184.15	1,492.69	300.91	1,735.33
Molina - Bexar	184.15	1,492.69	300.91	1,735.33
Superior - Bexar	184.15	1,492.69	300.91	1,735.33
Molina – Dallas	121.53	1,662.44	225.99	1,615.12
Superior – Dallas	121.53	1,662.44	225.99	1,615.12
Amerigroup - Harris	191.56	1,449.15	269.30	1,498.29
Evercare – Harris	191.56	1,449.15	269.30	1,498.29
Molina – Harris	191.56	1,449.15	269.30	1,498.29
Evercare - Nueces	275.37	1,535.96	427.59	1,651.42
Superior - Nueces	275.37	1,535.96	427.59	1,651.42
Amerigroup – Tarrant	79.66	1,814.21	144.60	1,511.19
Health Spring - Tarrant	79.66	1,814.21	144.60	1,511.19
Amerigroup - Travis	125.76	1,758.18	200.51	1,715.53
Evercare - Travis	125.76	1,758.18	200.51	1,715.53
FY2013 Prescription Drug Premium Rates pmpm (Community Rates)				
Amerigroup - Bexar	399.55	766.39	0.00	0.00
Molina - Bexar	399.55	766.39	0.00	0.00
Superior - Bexar	399.55	766.39	0.00	0.00
Molina – Dallas	328.19	747.52	0.00	0.00
Superior – Dallas	328.19	747.52	0.00	0.00
Amerigroup - Harris	378.70	784.69	0.00	0.00
Evercare – Harris	378.70	784.69	0.00	0.00
Molina – Harris	378.70	784.69	0.00	0.00
Evercare - Nueces	407.45	731.97	0.00	0.00
Superior - Nueces	407.45	731.97	0.00	0.00
Amerigroup – Tarrant	403.27	832.47	0.00	0.00
Health Spring - Tarrant	403.27	832.47	0.00	0.00
Amerigroup - Travis	396.61	893.51	0.00	0.00
Evercare - Travis	396.61	893.51	0.00	0.00

FY2013 STAR+PLUS Rating Summary

	Medicaid Only		Dual Eligible	
	OCC	CBA	OCC	CBA
FY2013 Total Premium Rates pmpm				
Amerigroup - Bexar	1,126.37	3,834.35	300.91	1,735.33
Molina - Bexar	1,094.45	3,794.88	300.91	1,735.33
Superior - Bexar	1,163.35	3,947.18	300.91	1,735.33
Molina – Dallas	1,003.22	4,062.25	225.99	1,615.12
Superior – Dallas	1,003.22	4,062.25	225.99	1,615.12
Amerigroup - Harris	1,241.95	4,581.10	269.30	1,498.29
Evercare – Harris	1,297.53	4,329.47	269.30	1,498.29
Molina – Harris	1,217.11	4,475.69	269.30	1,498.29
Evercare - Nueces	1,280.50	3,738.80	427.59	1,651.42
Superior - Nueces	1,339.02	3,927.42	427.59	1,651.42
Amerigroup – Tarrant	1,120.12	3,919.54	144.60	1,511.19
Health Spring - Tarrant	1,120.12	3,919.54	144.60	1,511.19
Amerigroup - Travis	1,246.78	4,328.43	200.51	1,715.53
Evercare - Travis	1,201.88	4,115.34	200.51	1,715.53
FY2013 Acute Care (Non-Inpatient) Premium Rate Percentage Change				
Amerigroup - Bexar	6.6%	-19.2%	0.0%	0.0%
Molina - Bexar	1.4%	-13.6%	0.0%	0.0%
Superior - Bexar	1.3%	-2.4%	0.0%	0.0%
Molina – Dallas	9.0%	-34.5%	0.0%	0.0%
Superior – Dallas	9.0%	-34.5%	0.0%	0.0%
Amerigroup - Harris	3.1%	-16.5%	0.0%	0.0%
Evercare – Harris	1.6%	-17.1%	0.0%	0.0%
Molina – Harris	1.3%	-18.4%	0.0%	0.0%
Evercare - Nueces	-5.0%	-24.1%	0.0%	0.0%
Superior - Nueces	-5.6%	-15.2%	0.0%	0.0%
Amerigroup – Tarrant	10.0%	-59.7%	0.0%	0.0%
Health Spring - Tarrant	10.0%	-59.7%	0.0%	0.0%
Amerigroup - Travis	7.1%	-15.8%	0.0%	0.0%
Evercare - Travis	8.1%	-15.9%	0.0%	0.0%
FY2013 Acute Care (Inpatient) Premium Rate Percentage Change				
Amerigroup - Bexar	-1.8%	6.1%	0.0%	0.0%
Molina - Bexar	-1.8%	6.1%	0.0%	0.0%
Superior - Bexar	-1.8%	6.1%	0.0%	0.0%
Molina – Dallas	-17.2%	-22.7%	0.0%	0.0%
Superior – Dallas	-17.2%	-22.7%	0.0%	0.0%
Amerigroup - Harris	4.2%	5.7%	0.0%	0.0%
Evercare – Harris	4.2%	5.7%	0.0%	0.0%
Molina – Harris	4.2%	5.7%	0.0%	0.0%
Evercare - Nueces	3.8%	4.4%	0.0%	0.0%
Superior - Nueces	3.8%	4.4%	0.0%	0.0%
Amerigroup – Tarrant	-17.2%	-36.8%	0.0%	0.0%
Health Spring - Tarrant	-17.2%	-36.8%	0.0%	0.0%
Amerigroup - Travis	8.8%	-5.3%	0.0%	0.0%
Evercare - Travis	8.8%	-5.3%	0.0%	0.0%

FY2013 STAR+PLUS Rating Summary

	Medicaid Only		Dual Eligible	
	OCC	CBA	OCC	CBA
FY2013 Long Term Care Premium Rate Percentage Change				
Amerigroup - Bexar	20.7%	-1.1%	13.2%	3.5%
Molina - Bexar	20.7%	-1.1%	13.2%	3.5%
Superior - Bexar	20.7%	-1.1%	13.2%	3.5%
Molina – Dallas	10.4%	194.5%	-6.3%	1.3%
Superior – Dallas	10.4%	194.5%	-6.3%	1.3%
Amerigroup - Harris	16.1%	-2.6%	13.7%	1.7%
Evercare – Harris	16.1%	-2.6%	13.7%	1.7%
Molina – Harris	16.1%	-2.6%	13.7%	1.7%
Evercare - Nueces	13.0%	3.1%	10.8%	4.7%
Superior - Nueces	13.0%	3.1%	10.8%	4.7%
Amerigroup – Tarrant	-12.3%	289.2%	-27.5%	14.6%
Health Spring - Tarrant	-12.3%	289.2%	-27.5%	14.6%
Amerigroup - Travis	9.2%	-11.4%	11.5%	0.0%
Evercare - Travis	9.2%	-11.4%	11.5%	0.0%
FY2013 Prescription Drug Premium Rate Percentage Change				
Amerigroup - Bexar	3.2%	6.9%	0.0%	0.0%
Molina - Bexar	3.2%	6.9%	0.0%	0.0%
Superior - Bexar	3.2%	6.9%	0.0%	0.0%
Molina – Dallas	2.6%	6.6%	0.0%	0.0%
Superior – Dallas	2.6%	6.6%	0.0%	0.0%
Amerigroup - Harris	3.4%	1.6%	0.0%	0.0%
Evercare – Harris	3.4%	1.6%	0.0%	0.0%
Molina – Harris	3.4%	1.6%	0.0%	0.0%
Evercare - Nueces	2.0%	1.4%	0.0%	0.0%
Superior - Nueces	2.0%	1.4%	0.0%	0.0%
Amerigroup – Tarrant	3.3%	-0.3%	0.0%	0.0%
Health Spring - Tarrant	3.3%	-0.3%	0.0%	0.0%
Amerigroup - Travis	2.6%	0.6%	0.0%	0.0%
Evercare - Travis	2.6%	0.6%	0.0%	0.0%
FY2013 Total Premium Rate Percentage Change				
Amerigroup - Bexar	6.3%	-5.4%	13.2%	3.5%
Molina - Bexar	4.4%	-3.0%	13.2%	3.5%
Superior - Bexar	4.2%	0.6%	13.2%	3.5%
Molina – Dallas	1.7%	10.4%	-6.3%	1.3%
Superior – Dallas	1.7%	10.4%	-6.3%	1.3%
Amerigroup - Harris	5.2%	-6.5%	13.7%	1.7%
Evercare – Harris	4.5%	-6.1%	13.7%	1.7%
Molina – Harris	4.6%	-7.1%	13.7%	1.7%
Evercare - Nueces	1.7%	-6.4%	10.8%	4.7%
Superior - Nueces	1.1%	-3.6%	10.8%	4.7%
Amerigroup – Tarrant	0.1%	-3.4%	-27.5%	14.6%
Health Spring - Tarrant	0.1%	-3.4%	-27.5%	14.6%
Amerigroup - Travis	6.1%	-9.9%	11.5%	0.0%
Evercare - Travis	6.4%	-9.6%	11.5%	0.0%

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 a sample of the monthly enrollment and earned premium by risk group for the period September 2008 through February 2012. 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 September 2008 through February 2012.

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 February 29, 2012, (iii) estimated proportion of that month's incurred claims paid through February 29, 2012 (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 FY2013 cost based on the HMO's actual experience. The top of the exhibit shows summary base period (FY2011) enrollment, premium and claims experience. Next are projected FY2013 enrollment and premium based on current (FY2012) rates. Trend assumptions for FY2012 and FY2013 are used to project the average base period claims cost to FY2013. Adjustment factors are used to recognize the cost impact of benefit and provider reimbursement changes. Combining these factors results in projected FY2013 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 ($0.125 pmpm) and risk margin (2.0% of premium).

At the bottom of Exhibit D is a summary of the projected FY2013 cost based on the above assumptions. Cost projections are presented separately for acute care and long term care services.

Similar analyses are done separately for inpatient hospital services.

Sample HMO
Enrollment and Premium Experience
Number of Members

Month	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total Members
Sep-08	2,856	56	5,233	390	8,535
Oct-08	2,830	53	5,196	390	8,469
Nov-08	2,867	54	5,164	386	8,471
Dec-08	2,848	54	5,050	377	8,329
Jan-09	2,896	53	5,077	385	8,411
Feb-09	2,895	52	5,096	383	8,426
Mar-09	2,869	51	5,083	389	8,392
Apr-09	2,878	52	5,053	401	8,384
May-09	2,876	58	5,029	399	8,362
Jun-09	2,894	62	5,026	412	8,394
Jul-09	2,951	60	5,048	441	8,500
Aug-09	2,949	68	5,043	472	8,532
Sep-09	2,948	74	5,049	498	8,569
Oct-09	2,978	73	5,048	499	8,598
Nov-09	2,999	77	5,044	505	8,625
Dec-09	3,057	78	4,969	506	8,610
Jan-10	3,128	80	5,022	510	8,740
Feb-10	3,150	78	5,074	505	8,807
Mar-10	3,136	80	5,064	506	8,786
Apr-10	3,147	90	5,070	518	8,825
May-10	3,175	91	5,068	517	8,851
Jun-10	3,223	103	5,096	513	8,935
Jul-10	3,246	112	5,149	503	9,010
Aug-10	3,267	115	5,145	495	9,022
Sep-10	3,283	116	5,173	495	9,067
Oct-10	3,281	114	5,162	507	9,064
Nov-10	3,291	115	5,163	516	9,085
Dec-10	3,261	112	5,084	525	8,982
Jan-11	3,255	119	5,129	531	9,034
Feb-11	3,267	117	5,118	540	9,042
Mar-11	3,241	118	5,128	541	9,028
Apr-11	3,227	108	5,125	553	9,013
May-11	3,242	107	5,140	558	9,047
Jun-11	3,257	106	5,139	564	9,066
Jul-11	3,272	112	5,102	582	9,068
Aug-11	3,263	115	5,105	589	9,072
FY2009	34,609	673	61,098	4,825	101,205
FY2010	37,454	1,051	60,798	6,075	105,378
FY2011	39,140	1,359	61,568	6,501	108,568

Sample HMO
Enrollment and Premium Experience
Premium Amount

	Medicaid Only		Dual Eligible		
Month	OCC	CBA	OCC	CBA	Total
Sep-08	1,321,528	175,764	1,414,846	753,273	3,665,412
Oct-08	1,309,498	166,348	1,404,843	753,273	3,633,961
Nov-08	1,326,618	169,487	1,396,191	745,547	3,637,843
Dec-08	1,317,827	169,487	1,365,369	728,164	3,580,846
Jan-09	1,340,037	166,348	1,372,668	743,616	3,622,669
Feb-09	1,339,574	163,209	1,377,806	739,753	3,620,342
Mar-09	1,327,544	160,071	1,374,291	751,342	3,613,247
Apr-09	1,331,708	163,209	1,366,180	774,519	3,635,617
May-09	1,330,783	182,041	1,359,691	770,657	3,643,171
Jun-09	1,339,112	194,596	1,358,880	795,766	3,688,353
Jul-09	1,365,487	188,318	1,364,828	851,778	3,770,411
Aug-09	1,364,561	213,428	1,363,476	911,654	3,853,119
Sep-09	1,552,151	203,386	1,450,376	918,810	4,124,723
Oct-09	1,567,947	200,638	1,450,088	920,655	4,139,328
Nov-09	1,579,003	211,631	1,448,939	931,725	4,171,299
Dec-09	1,609,541	214,380	1,427,395	933,570	4,184,886
Jan-10	1,646,923	219,877	1,442,620	940,950	4,250,370
Feb-10	1,658,507	214,380	1,457,557	931,725	4,262,169
Mar-10	1,608,956	213,181	1,377,611	895,686	4,095,433
Apr-10	1,614,600	239,828	1,379,243	916,927	4,150,598
May-10	1,628,966	242,493	1,378,699	915,157	4,165,315
Jun-10	1,653,592	274,470	1,386,316	908,077	4,222,455
Jul-10	1,665,393	298,453	1,400,734	890,375	4,254,955
Aug-10	1,676,167	306,447	1,399,646	876,214	4,258,475
Sep-10	1,788,119	322,256	1,443,991	893,178	4,447,544
Oct-10	1,787,029	316,700	1,440,921	914,831	4,459,481
Nov-10	1,792,476	319,478	1,441,200	931,070	4,484,224
Dec-10	1,776,136	311,144	1,419,148	947,310	4,453,738
Jan-11	1,772,868	330,590	1,431,709	958,136	4,493,304
Feb-11	1,779,404	325,034	1,428,639	974,376	4,507,453
Mar-11	1,765,243	327,812	1,431,430	976,180	4,500,666
Apr-11	1,757,618	300,032	1,430,593	997,833	4,486,075
May-11	1,765,788	297,253	1,434,780	1,006,855	4,504,676
Jun-11	1,773,958	294,475	1,434,500	1,017,682	4,520,615
Jul-11	1,782,128	311,144	1,424,172	1,050,161	4,567,604
Aug-11	1,777,226	319,478	1,425,010	1,062,792	4,584,505
FY2009	16,014,276	2,112,305	16,519,066	9,319,343	43,964,990
FY2010	19,461,746	2,839,165	16,999,223	10,979,872	50,280,006
FY2011	21,317,992	3,775,397	17,186,092	11,730,404	54,009,885

Sample HMO
Claims Lag Report

Acute Care - Medicaid Only OCC

Month Incurred	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
Sep-08	151,028	236,774	91,194	45,020	50,470	11,713	30,837	6,237	3,616	1,209	4,498	20,944	1,974	2,854	265
Oct-08		179,014	268,952	102,151	54,366	40,541	15,933	13,580	3,778	1,026	8,288	23,895	805	(6)	129
Nov-08			157,154	259,237	74,204	39,568	41,590	9,057	10,749	2,046	5,968	22,660	2,665	855	1,797
Dec-08				138,527	320,521	58,981	57,436	22,964	4,972	1,501	4,221	9,919	532	12,107	-
Jan-09					179,425	292,976	142,276	29,170	19,954	8,315	12,428	27,927	5,130	6,872	12,469
Feb-09						131,444	258,891	68,074	35,777	9,491	10,494	22,925	4,302	11,188	13,800
Mar-09							169,830	249,579	76,904	28,079	13,754	24,488	3,328	7,289	6,989
Apr-09								205,886	297,362	49,438	25,271	37,957	14,748	9,174	5,721
May-09									188,418	172,555	90,727	63,078	19,847	33,913	4,752
Jun-09										145,665	282,178	81,337	38,493	47,316	10,138
Jul-09											171,387	315,369	63,099	46,756	23,711
Aug-09												191,389	266,551	115,807	56,054
Sep-09													170,541	313,113	79,315
Oct-09														202,875	319,652
Nov-09															176,801
Dec-09															
Jan-10															
Feb-10															
Mar-10															
Apr-10															

Sample HMO
Estimated Claims Experience

Acute Care - Medicaid Only OCC

Month	Members	Inc & Pd Claims	Compl Factor	Est Inc Claims	Est Inc pmpm	Trend
Sep-08	2,856	672,630	1.000	672,630	235.51	
Oct-08	2,830	762,811	1.000	762,811	269.54	
Nov-08	2,867	654,582	1.000	654,582	228.32	
Dec-08	2,848	662,958	1.000	662,958	232.78	
Jan-09	2,896	767,859	1.000	767,859	265.14	
Feb-09	2,895	616,020	1.000	616,020	212.79	
Mar-09	2,869	645,519	1.000	645,519	225.00	
Apr-09	2,878	727,755	1.000	727,755	252.87	
May-09	2,876	635,361	1.000	635,361	220.92	
Jun-09	2,894	671,250	1.000	671,250	231.95	
Jul-09	2,951	741,522	1.000	741,522	251.28	
Aug-09	2,949	729,796	1.000	729,796	247.47	
Sep-09	2,948	713,691	1.000	713,691	242.09	1.028
Oct-09	2,978	760,890	1.000	760,890	255.50	0.948
Nov-09	2,999	636,070	1.000	636,070	212.09	0.929
Dec-09	3,057	818,519	1.000	818,519	267.75	1.150
Jan-10	3,128	846,454	1.000	846,454	270.61	1.021
Feb-10	3,150	810,151	1.000	810,151	257.19	1.209
Mar-10	3,136	866,241	1.000	866,241	276.22	1.228
Apr-10	3,147	913,333	1.000	913,333	290.22	1.148
May-10	3,175	928,775	1.000	928,775	292.53	1.324
Jun-10	3,223	915,000	1.000	915,000	283.90	1.224
Jul-10	3,246	955,161	0.998	957,075	294.85	1.173
Aug-10	3,267	919,889	0.998	921,733	282.13	1.140
Sep-10	3,283	855,559	0.996	858,995	261.65	1.081
Oct-10	3,281	940,587	0.994	946,264	288.41	1.129
Nov-10	3,291	807,120	0.992	813,629	247.23	1.166
Dec-10	3,261	772,137	0.993	777,580	238.45	0.891
Jan-11	3,255	860,175	0.992	867,112	266.39	0.984
Feb-11	3,267	792,443	0.992	798,834	244.52	0.951
Mar-11	3,241	921,076	0.992	928,504	286.49	1.037
Apr-11	3,227	827,036	0.991	834,547	258.61	0.891
May-11	3,242	880,261	0.989	890,051	274.54	0.939
Jun-11	3,257	907,969	0.988	918,997	282.16	0.994
Jul-11	3,272	937,017	0.986	950,322	290.44	0.985
Aug-11	3,263	1,009,932	0.985	1,025,312	314.22	1.114
FY2009	34,609	8,288,063		8,288,063	239.48	
FY2010	37,454	10,084,175		10,087,932	269.34	1.125
FY2011	39,140	10,511,312		10,610,147	271.08	1.006

Sample HMO
Experienced Based Renewal Rating

	Medicaid Only - OCC		Medicaid Only - CBA	
	Amount	pmpm	Amount	pmpm
FY2011 Experience Period				
Member Months	39,140		1,359	
Premium Revenue	21,317,992	544.66	3,775,397	2,778.07
Adjusted Premium	20,669,443	528.09	4,023,673	2,960.76
Estimated FY2011 Incurred Claims				
Acute Care	10,610,147	271.08	1,134,603	834.88
Long Term Care	3,735,142	95.43	2,451,389	1,803.82
Total	14,345,289	366.51	3,585,992	2,638.70
Projected FY2013 Member Months	41,363		1,461	
Projected FY2013 Premium				
At Current Rates	21,843,299	528.09	4,326,732	2,960.76
Annual Cost Trend Assumptions				
Acute Care				
FY2012	5.8 %		3.0 %	
FY2013	4.3 %		1.5 %	
Long Term Care				
FY2012	12.3 %		1.5 %	
FY2013	10.5 %		0.0 %	
Provider Reimbursement Adjustment				
Acute Care		0.9772		0.9699
Long Term Care		1.0090		0.9757
Inpatient Reimbursement Adjustment		1.0000		1.0000
Out of Network Adjustment		1.0000		1.0000
Projected Incurred Claims				
Acute Care	11,713,111	283.18	1,339,546	916.64
LTC	4,663,870	112.76	2,620,868	1,793.45
Total	16,376,981	395.93	3,960,413	2,710.09
Capitation Expenses				
Vision	52,944	1.28	1,871	1.28
Behavioral Health	0	0.00	0	0.00
Radiology	0	0.00	0	0.00
Other - Settlements	0	0.00	15	0.01
Total	52,944	1.28	1,885	1.29

Sample HMO
Experienced Based Renewal Rating

	Medicaid Only - OCC		Medicaid Only - CBA	
	Amount	pmpm	Amount	pmpm
Other Expenses				
Service Coordination	294,090	7.11	12,538	8.58
Other	0	0.00	0	0.00
Total	294,090	7.11	12,538	8.58
Reinsurance Expenses				
Gross Premium	9,927	0.24	351	0.24
Projected Reinsurance Recoveries	9,927	0.24	351	0.24
Net Reinsurance Cost	0	0.00	0	0.00
Administrative Expenses				
Fixed Amount	517,035	12.50	18,267	12.50
Percentage of Premium	1,095,702	5.75%	253,715	5.75%
Total	1,612,737		271,982	
Risk Margin	381,114	2.0%	88,249	2.0%
Premium Tax	333,474	1.75%	77,218	1.75%
Maintenance Tax	5,170	0.13	183	0.13
Projected Total Cost				
Acute Care	13,413,863	324.30	1,489,139	1,019.01
LTC	5,642,735	136.42	2,923,332	2,000.42
Total	19,056,598	460.72	4,412,471	3,019.43

Attachment 3

Community Experience Analysis – Non-inpatient Acute Care and Long Term Care

The following exhibits present a summary of the non-inpatient acute care and long term care 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 FY2013 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2013 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 FY2013 STAR+PLUS HMO community rates for the following service areas:

Exhibit A – Bexar Service Area
Exhibit B – Dallas Services Area
Exhibit C – Harris Service Area
Exhibit D – Nueces Service Area
Exhibit E – Tarrant Service Area
Exhibit F – Travis Service Area

These exhibits show projected FY2013 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 (FY2011) experience and projected FY2013 enrollment, premium and incurred claims experience. An exception to the base experience period was made for the Dallas and Tarrant Service Areas. STAR+PLUS expanded into these two areas effective February 1, 2011 resulting in only a partial year of STAR+PLUS data to be available. For these two areas the base period used to develop the FY2013 experience is the period March 1, 2011 through August 31, 2011. Because this time period does not span a full twelve months an analysis was done to determine if a material seasonality is present in the claims experience for the program. It was determined that no material seasonality existed and no further adjustments were necessary to the Dallas and Tarrant base period 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 ($0.125 pmpm) and risk margin (2.0% of premium).

The bottom of the exhibit shows a summary of the projected FY2013 cost based on these assumptions. Cost projections are presented separately for acute care and long term care services.

FY2013 STAR+Plus Rating Summary
Bexar SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period										
Member Months	241,964		14,860		254,000		41,403		552,226	
Premium Revenue	138,622,172	572.90	42,087,158	2,832.24	68,610,490	270.12	69,259,553	1,672.83	318,579,373	576.90
Adjusted Premium	136,679,217	564.87	41,902,212	2,819.79	67,513,210	265.80	69,445,865	1,677.33	315,540,504	571.40
Estimated FY2011 Incurred Claims										
Acute Care	82,645,392	341.56	16,357,896	1,100.80	0	0.00	0	0.00	99,003,288	179.28
Long Term Care	29,839,954	123.32	19,831,984	1,334.59	56,992,863	224.38	64,427,527	1,556.12	171,092,328	309.82
Total	112,485,346	464.89	36,189,880	2,435.38	56,992,863	224.38	64,427,527	1,556.12	270,095,616	489.10
Projected FY2013 Member Months	263,746		15,997		263,906		40,164		583,812	
Projected FY2013 Premium										
At Current Rates	148,830,946	564.30	45,094,152	2,818.95	70,146,119	265.80	67,367,572	1,677.33	331,438,788	567.71
Annual Cost Trend Assumptions										
Acute Care										
FY2012	5.8 %		3.0 %		5.8 %		3.0 %			
FY2013	4.3 %		1.5 %		4.3 %		1.5 %			
Long Term Care										
FY2012	12.3 %		1.5 %		6.3 %		1.1 %			
FY2013	10.5 %		0.0 %		5.0 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care	0.9571		0.9608		1.0000		1.0000			
Long Term Care	1.0090		0.9806		1.0090		0.9806			
Inpatient Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Other Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Projected Incurred Claims										
Acute Care	95,144,144	360.74	17,687,946	1,105.72	0	0.00	0	0.00	112,832,090	193.27
LTC	40,725,599	154.41	21,248,965	1,328.33	66,688,214	252.70	61,961,085	1,542.72	190,623,863	326.52
Total	135,869,743	515.15	38,936,912	2,434.04	66,688,214	252.70	61,961,085	1,542.72	303,455,954	519.78
Capitation Expenses	2,903,568	11.01	168,379	10.53	15,881	0.06	735	0.02	3,088,562	5.29

FY2013 STAR+Plus Rating Summary
Bexar SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Service Coordination and Other Expenses	2,230,433	8.46	250,702	15.67	1,832,006	6.94	607,029	15.11	4,920,170	8.43
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	3,296,830	12.50	199,960	12.50	3,298,820	12.50	502,045	12.50	7,297,655	12.50
Percentage of Premium	9,170,363	5.75%	2,513,351	5.75%	4,566,193	5.75%	4,007,586	5.75%	20,257,493	5.75%
Total	12,467,193	47.27	2,713,311	169.62	7,865,014	29.80	4,509,630	112.28	27,555,147	47.20
Risk Margin	3,189,692	2.00%	874,209	2.00%	1,588,241	2.00%	1,393,943	2.00%	7,046,084	2.00%
Premium Tax	2,790,980	1.75%	764,933	1.75%	1,389,711	1.75%	1,219,700	1.75%	6,165,324	1.75%
Maintenance Tax	32,968	0.13	2,000	0.13	32,988	0.13	5,020	0.13	72,977	0.13
Projected Total Cost										
Acute Care	110,916,505	420.54	19,832,121	1,239.76	17,548	0.07	812	0.02	130,766,985	223.99
LTC	48,568,072	184.15	23,878,323	1,492.69	79,394,508	300.84	69,696,330	1,735.31	221,537,233	379.47
Total	159,484,577	604.69	43,710,444	2,732.45	79,412,056	300.91	69,697,142	1,735.33	352,304,218	603.45
Experience Rate Increase		7.2 %		-3.1 %		13.2 %		3.5 %		6.3 %

FY2013 STAR+Plus Rating Summary
Dallas SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period (3/1/11-8/31/11)										
Member Months	148,367		4,514		143,492		18,362		314,735	
Premium Revenue	69,332,027	467.30	10,820,778	2,397.24	25,672,215	178.91	21,713,951	1,182.57	127,538,971	405.23
Adjusted Premium	68,658,440	462.76	10,715,650	2,373.95	34,596,004	241.10	29,262,797	1,593.69	143,232,891	455.09
Estimated FY2011 Incurred Claims										
Acute Care	49,124,318	331.10	4,862,890	1,077.33	0	0.00	0	0.00	53,987,208	171.53
Long Term Care	11,230,606	75.69	6,542,464	1,449.42	23,534,143	164.01	26,163,953	1,424.92	67,471,167	214.37
Total	60,354,925	406.79	11,405,354	2,526.75	23,534,143	164.01	26,163,953	1,424.92	121,458,375	385.91
Projected FY2013 Member Months	323,954		11,186		296,185		40,561		671,886	
Projected FY2013 Premium										
At Current Rates	149,912,947	462.76	26,554,887	2,373.95	71,410,142	241.10	64,641,621	1,593.69	312,519,597	465.14
Annual Cost Trend Assumptions										
Acute Care										
FY2012	5.8 %		3.0 %		5.8 %		3.0 %			
FY2013	4.3 %		1.5 %		4.3 %		1.5 %			
Long Term Care										
FY2012	12.3 %		1.5 %		6.3 %		1.1 %			
FY2013	10.5 %		0.0 %		5.0 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care	0.9212		0.9493		1.0000		1.0000			
Long Term Care	1.0090		0.9872		1.0090		0.9872			
Inpatient Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Other Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Projected Incurred Claims										
Acute Care	107,508,855	331.86	11,871,834	1,061.32	0	0.00	0	0.00	119,380,689	177.68
LTC	29,825,427	92.07	16,185,345	1,446.94	53,878,161	181.91	57,526,543	1,418.27	157,415,476	234.29
Total	137,334,282	423.93	28,057,179	2,508.25	53,878,161	181.91	57,526,543	1,418.27	276,796,165	411.97
Capitation Expenses	2,031,524	6.27	71,405	6.38	240,800	0.81	16,776	0.41	2,360,504	3.51

FY2013 STAR+Plus Rating Summary
Dallas SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Service Coordination and Other Expenses	4,915,364	15.17	562,557	50.29	2,718,929	9.18	1,231,947	30.37	9,428,797	14.03
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	4,049,425	12.50	139,824	12.50	3,702,309	12.50	507,012	12.50	8,398,571	12.50
Percentage of Premium	9,426,892	5.75%	1,831,890	5.75%	3,848,829	5.75%	3,766,876	5.75%	18,874,488	5.75%
Total	13,476,317	41.60	1,971,715	176.27	7,551,138	25.49	4,273,888	105.37	27,273,058	40.59
Risk Margin	3,278,919	2.00%	637,179	2.00%	1,338,723	2.00%	1,310,218	2.00%	6,565,039	2.00%
Premium Tax	2,869,054	1.75%	557,532	1.75%	1,171,383	1.75%	1,146,440	1.75%	5,744,409	1.75%
Maintenance Tax	40,494	0.13	1,398	0.13	37,023	0.13	5,070	0.13	83,986	0.13
Projected Total Cost										
Acute Care	124,576,877	384.55	13,262,977	1,185.68	266,077	0.90	18,537	0.46	138,124,469	205.58
LTC	39,369,077	121.53	18,595,988	1,662.44	66,670,080	225.10	65,492,345	1,614.66	190,127,490	282.98
Total	163,945,955	506.08	31,858,965	2,848.12	66,936,157	225.99	65,510,883	1,615.12	328,251,959	488.55
Experience Rate Increase		9.4 %		20.0 %		-6.3 %		1.3 %		5.0 %

FY2013 STAR+Plus Rating Summary
Harris SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period										
Member Months	514,295		25,472		520,518		53,438		1,113,723	
Premium Revenue	337,308,915	655.87	82,664,775	3,245.31	118,646,866	227.94	79,519,889	1,488.08	618,140,445	555.02
Adjusted Premium	327,785,489	637.35	83,450,221	3,276.15	123,336,733	236.95	78,726,870	1,473.24	613,299,314	550.68
Estimated FY2011 Incurred Claims										
Acute Care	208,583,333	405.57	34,318,050	1,347.28	0	0.00	0	0.00	242,901,383	218.10
Long Term Care	64,937,197	126.26	32,067,860	1,258.94	100,817,909	193.69	70,049,493	1,310.86	267,872,459	240.52
Total	273,520,531	531.84	66,385,910	2,606.22	100,817,909	193.69	70,049,493	1,310.86	510,773,842	458.62
Projected FY2013 Member Months	562,192		26,832		548,345		56,686		1,194,055	
Projected FY2013 Premium										
At Current Rates	356,343,780	633.85	88,007,616	3,279.99	129,930,318	236.95	83,512,650	1,473.24	657,794,364	550.89
Annual Cost Trend Assumptions										
Acute Care										
FY2012	5.8 %		3.0 %		5.8 %		3.0 %			
FY2013	4.3 %		1.5 %		4.3 %		1.5 %			
Long Term Care										
FY2012	12.3 %		1.5 %		6.3 %		1.1 %			
FY2013	10.5 %		0.0 %		5.0 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care	0.9375		0.9450		1.0000		1.0000			
Long Term Care	1.0090		0.9787		1.0090		0.9787			
Inpatient Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Other Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Projected Incurred Claims										
Acute Care	235,881,124	419.57	35,714,277	1,331.05	0	0.00	0	0.00	271,595,401	227.46
LTC	88,878,982	158.09	33,555,970	1,250.61	119,610,547	218.13	73,524,998	1,297.05	315,570,497	264.28
Total	324,760,106	577.67	69,270,248	2,581.66	119,610,547	218.13	73,524,998	1,297.05	587,165,898	491.74
Capitation Expenses	2,920,611	5.20	174,587	6.51	7,429	0.01	880	0.02	3,103,507	2.60

FY2013 STAR+Plus Rating Summary
Harris SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Service Coordination and Other Expenses	6,641,770	11.81	1,469,288	54.76	7,097,613	12.94	2,622,280	46.26	17,830,951	14.93
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	7,027,395	12.50	335,396	12.50	6,854,311	12.50	708,580	12.50	14,925,682	12.50
Percentage of Premium	21,692,441	5.75%	4,527,116	5.75%	8,490,840	5.75%	4,883,613	5.75%	39,594,010	5.75%
Total	28,719,835	51.09	4,862,512	181.22	15,345,151	27.98	5,592,193	98.65	54,519,692	45.66
Risk Margin	7,545,197	2.00%	1,574,649	2.00%	2,953,336	2.00%	1,698,648	2.00%	13,771,830	2.00%
Premium Tax	6,602,047	1.75%	1,377,818	1.75%	2,584,169	1.75%	1,486,317	1.75%	12,050,351	1.75%
Maintenance Tax	70,274	0.13	3,354	0.13	68,543	0.13	7,086	0.13	149,257	0.13
Projected Total Cost										
Acute Care	269,565,683	479.49	39,849,189	1,485.15	8,209	0.01	973	0.02	309,424,054	259.14
LTC	107,694,157	191.56	38,883,266	1,449.15	147,658,579	269.28	84,931,429	1,498.27	379,167,432	317.55
Total	377,259,840	671.05	78,732,456	2,934.31	147,666,788	269.30	84,932,402	1,498.29	688,591,486	576.68
Experience Rate Increase		5.9 %		-10.5 %		13.7 %		1.7 %		4.7 %

FY2013 STAR+Plus Rating Summary
Nueces SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period										
Member Months	93,066		7,285		105,835		30,554		236,740	
Premium Revenue	73,370,097	788.36	20,522,856	2,817.18	37,816,048	357.31	49,088,736	1,606.63	180,797,737	763.70
Adjusted Premium	70,071,588	752.92	21,160,365	2,904.69	40,830,241	385.79	48,192,897	1,577.31	180,255,091	761.40
Estimated FY2011 Incurred Claims										
Acute Care	38,237,728	410.87	7,676,917	1,053.81	0	0.00	0	0.00	45,914,646	193.95
Long Term Care	17,327,612	186.19	9,932,640	1,363.46	34,096,994	322.17	44,719,739	1,463.64	106,076,985	448.07
Total	55,565,340	597.05	17,609,557	2,417.27	34,096,994	322.17	44,719,739	1,463.64	151,991,631	642.02
Projected FY2013 Member Months	100,499		8,463		106,426		34,234		249,622	
Projected FY2013 Premium										
At Current Rates	75,717,309	753.41	24,596,036	2,906.26	41,057,987	385.79	53,997,644	1,577.31	195,368,976	782.66
Annual Cost Trend Assumptions										
Acute Care										
FY2012	5.8 %		3.0 %		5.8 %		3.0 %			
FY2013	4.3 %		1.5 %		4.3 %		1.5 %			
Long Term Care										
FY2012	12.3 %		1.5 %		6.3 %		1.1 %			
FY2013	10.5 %		0.0 %		5.0 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care	0.9239		0.9370		1.0000		1.0000			
Long Term Care	1.0090		0.9779		1.0090		0.9779			
Inpatient Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Other Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Projected Incurred Claims										
Acute Care	42,097,647	418.89	8,736,504	1,032.30	0	0.00	0	0.00	50,834,151	203.64
LTC	23,428,404	233.12	11,453,366	1,353.33	38,614,067	362.83	49,537,791	1,447.03	123,033,629	492.88
Total	65,526,051	652.01	20,189,870	2,385.63	38,614,067	362.83	49,537,791	1,447.03	173,867,779	696.52
Capitation Expenses	944,680	9.40	82,388	9.73	0	0.00	0	0.00	1,027,067	4.11

FY2013 STAR+Plus Rating Summary
Nueces SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Service Coordination and Other Expenses	1,163,372	11.58	250,128	29.56	1,225,704	11.52	1,193,854	34.87	3,833,058	15.36
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	1,256,241	12.50	105,789	12.50	1,330,322	12.50	427,925	12.50	3,120,277	12.50
Percentage of Premium	4,377,809	5.75%	1,310,697	5.75%	2,616,625	5.75%	3,250,742	5.75%	11,555,872	5.75%
Total	5,634,050	56.06	1,416,486	167.37	3,946,946	37.09	3,678,667	107.46	14,676,149	58.79
Risk Margin	1,522,716	2.00%	455,895	2.00%	910,130	2.00%	1,130,693	2.00%	4,019,434	2.00%
Premium Tax	1,332,377	1.75%	398,908	1.75%	796,364	1.75%	989,356	1.75%	3,517,005	1.75%
Maintenance Tax	12,562	0.13	1,058	0.13	13,303	0.13	4,279	0.13	31,203	0.13
Projected Total Cost										
Acute Care	48,461,301	482.21	9,795,720	1,157.46	0	0.00	0	0.00	58,257,021	233.38
LTC	27,674,507	275.37	12,999,013	1,535.96	45,506,514	427.59	56,534,641	1,651.42	142,714,675	571.72
Total	76,135,808	757.58	22,794,732	2,693.42	45,506,514	427.59	56,534,641	1,651.42	200,971,695	805.10
Experience Rate Increase		0.6 %		-7.3 %		10.8 %		4.7 %		2.9 %

FY2013 STAR+Plus Rating Summary
Tarrant SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period (3/1/11-8/31/11)										
Member Months	83,958		2,920		79,052		10,738		176,668	
Premium Revenue	42,466,207	505.80	7,576,237	2,594.75	10,913,071	138.05	9,798,171	912.50	70,753,686	400.49
Adjusted Premium	41,148,898	490.11	7,341,161	2,514.24	15,770,791	199.50	14,159,941	1,318.71	78,420,791	443.89
Estimated FY2011 Incurred Claims										
Acute Care	31,802,501	378.79	2,237,094	766.17	0	0.00	0	0.00	34,039,594	192.68
Long Term Care	4,217,657	50.24	4,638,460	1,588.60	7,885,591	99.75	14,248,913	1,327.00	30,990,621	175.42
Total	36,020,158	429.02	6,875,554	2,354.78	7,885,591	99.75	14,248,913	1,327.00	65,030,216	368.09
Projected FY2013 Member Months	184,869		6,651		165,697		22,543		379,761	
Projected FY2013 Premium										
At Current Rates	90,606,386	490.11	16,723,328	2,514.24	33,056,633	199.50	29,727,521	1,318.71	170,113,868	447.95
Annual Cost Trend Assumptions										
Acute Care										
FY2012	5.8 %		3.0 %		5.8 %		3.0 %			
FY2013	4.3 %		1.5 %		4.3 %		1.5 %			
Long Term Care										
FY2012	12.3 %		1.5 %		6.3 %		1.1 %			
FY2013	10.5 %		0.0 %		5.0 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care	0.9346		0.9331		1.0000		1.0000			
Long Term Care	1.0090		0.9815		1.0090		0.9815			
Inpatient Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Other Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Projected Incurred Claims										
Acute Care	71,209,216	385.19	4,934,740	741.91	0	0.00	0	0.00	76,143,956	200.50
LTC	11,295,621	61.10	10,487,492	1,576.72	18,332,421	110.64	29,602,791	1,313.18	69,718,324	183.58
Total	82,504,836	446.29	15,422,232	2,318.63	18,332,421	110.64	29,602,791	1,313.18	145,862,280	384.09
Capitation Expenses	282,550	1.53	10,053	1.51	25,845	0.16	3,960	0.18	322,407	0.85

FY2013 STAR+Plus Rating Summary
Tarrant SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Service Coordination and Other Expenses	1,713,290	9.27	376,136	56.55	1,233,710	7.45	938,876	41.65	4,262,012	11.22
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	2,310,869	12.50	83,143	12.50	2,071,218	12.50	281,786	12.50	4,747,015	12.50
Percentage of Premium	5,517,119	5.75%	1,009,738	5.75%	1,377,707	5.75%	1,958,827	5.75%	9,863,390	5.75%
Total	7,827,987	42.34	1,092,881	164.31	3,448,924	20.81	2,240,613	99.39	14,610,405	38.47
Risk Margin	1,918,998	2.00%	351,213	2.00%	479,202	2.00%	681,331	2.00%	3,430,744	2.00%
Premium Tax	1,679,123	1.75%	307,312	1.75%	419,302	1.75%	596,165	1.75%	3,001,901	1.75%
Maintenance Tax	23,109	0.13	831	0.13	20,712	0.13	2,818	0.13	47,470	0.13
Projected Total Cost										
Acute Care	81,222,321	439.35	5,493,550	825.92	28,558	0.17	4,376	0.19	86,748,806	228.43
LTC	14,727,571	79.66	12,067,108	1,814.21	23,931,559	144.43	34,062,178	1,510.99	84,788,415	223.27
Total	95,949,893	519.01	17,560,658	2,640.13	23,960,117	144.60	34,066,553	1,511.19	171,537,221	451.70
Experience Rate Increase		5.9 %		5.0 %		-27.5 %		14.6 %		0.8 %

FY2013 STAR+Plus Rating Summary
Travis SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period										
Member Months	96,939		3,868		100,532		13,663		215,002	
Premium Revenue	59,608,860	614.91	13,817,596	3,572.62	17,632,368	175.39	24,646,086	1,803.90	115,704,911	538.16
Adjusted Premium	57,653,628	594.74	12,788,915	3,306.65	18,082,753	179.87	23,430,246	1,714.91	111,955,542	520.72
Estimated FY2011 Incurred Claims										
Acute Care	40,665,457	419.50	3,802,167	983.07	0	0.00	0	0.00	44,467,624	206.82
Long Term Care	7,849,723	80.98	6,013,854	1,554.92	14,053,406	139.79	20,892,573	1,529.17	48,809,556	227.02
Total	48,515,180	500.47	9,816,021	2,537.99	14,053,406	139.79	20,892,573	1,529.17	93,277,180	433.84
Projected FY2013 Member Months	105,919		4,400		105,164		15,201		230,685	
Projected FY2013 Premium										
At Current Rates	62,993,659	594.73	14,542,012	3,305.02	18,915,893	179.87	26,068,578	1,714.91	122,520,142	531.12
Annual Cost Trend Assumptions										
Acute Care										
FY2012	5.8 %		3.0 %		5.8 %		3.0 %			
FY2013	4.3 %		1.5 %		4.3 %		1.5 %			
Long Term Care										
FY2012	12.3 %		1.5 %		6.3 %		1.1 %			
FY2013	10.5 %		0.0 %		5.0 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care	0.9772		0.9699		1.0000		1.0000			
Long Term Care	1.0090		0.9757		1.0090		0.9757			
Inpatient Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Other Reimbursement Adjustment	1.0000		1.0000		1.0000		1.0000			
Projected Incurred Claims										
Acute Care	47,913,259	452.36	4,385,978	996.82	0	0.00	0	0.00	52,299,237	226.71
LTC	10,739,008	101.39	6,775,482	1,539.89	16,556,084	157.43	22,929,780	1,508.43	57,000,354	247.09
Total	58,652,267	553.75	11,161,460	2,536.71	16,556,084	157.43	22,929,780	1,508.43	109,299,591	473.81
Capitation Expenses	375,381	3.54	19,045	4.33	1,192	0.01	146	0.01	395,764	1.72

FY2013 STAR+Plus Rating Summary
Travis SDA Total

	Acute Care (Non-Inpatient) and Long Term Care									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Service Coordination and Other Expenses	1,071,531	10.12	191,821	43.60	1,198,146	11.39	478,690	31.49	2,940,188	12.75
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	1,323,990	12.50	55,000	12.50	1,314,553	12.50	190,014	12.50	2,883,557	12.50
Percentage of Premium	3,903,418	5.75%	726,081	5.75%	1,212,463	5.75%	1,499,481	5.75%	7,341,443	5.75%
Total	5,227,409	49.35	781,080	177.52	2,527,017	24.03	1,689,495	111.14	10,225,001	44.32
Risk Margin	1,357,711	2.00%	252,550	2.00%	421,726	2.00%	521,559	2.00%	2,553,546	2.00%
Premium Tax	1,187,997	1.75%	220,981	1.75%	369,011	1.75%	456,364	1.75%	2,234,352	1.75%
Maintenance Tax	13,240	0.13	550	0.13	13,146	0.13	1,900	0.13	28,836	0.13
Projected Total Cost										
Acute Care	54,564,673	515.15	4,891,549	1,111.72	1,317	0.01	161	0.01	59,457,700	257.74
LTC	13,320,862	125.76	7,735,939	1,758.18	21,085,004	200.50	26,077,773	1,715.51	68,219,578	295.73
Total	67,885,535	640.92	12,627,487	2,869.90	21,086,322	200.51	26,077,934	1,715.53	127,677,278	553.47
Experience Rate Increase		7.8 %		-13.2 %		11.5 %		0.0 %		4.2 %

Attachment 4

Community Experience Analysis – Inpatient

The following exhibits present a summary of the inpatient 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 FY2013 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2013 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 FY2013 STAR+PLUS HMO community rates for the following service areas:

Exhibit A – Bexar Service Area
Exhibit B – Dallas Services Area
Exhibit C – Harris Service Area
Exhibit D – Nueces Service Area
Exhibit E – Tarrant Service Area
Exhibit F – Travis Service Area

These exhibits show projected FY2013 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 (FY2011) experience and projected FY2013 enrollment, premium and incurred claims experience. An exception to the base experience period was made for the Dallas and Tarrant Service Areas. STAR+PLUS expanded into these two areas effective February 1, 2011 resulting in only a partial year of STAR+PLUS data to be available. For these two areas the base period used to develop the FY2013 experience is the period March 1, 2011 through August 31, 2011. Because this time period does not span a full twelve months an analysis was done to determine if a material seasonality is present the claims experience for the program. It was determined that no material seasonality existed a no further adjustments were necessary to the Dallas and Tarrant base period experience.

A managed care efficiency factor of 5.75% is assumed to be achieved due to the carve-in of inpatient hospital services into the STAR+PLUS program. Prior to March 1, 2012 these services were carved out and paid on a fee-for-service basis.

A provision for administrative expenses is included in the amount of 5.75% of gross premium. Additional provisions are also included for premium tax (1.75% of premium) risk margin (2.0% of premium).

The bottom of the exhibit shows a summary of the projected FY2013 cost based on these assumptions.

FY2013 STAR+Plus Rating Summary
Bexar SDA Total

	Inpatient Carve In									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period										
Member Months	241,964		14,860		254,000		41,403		552,226	
Estimated Incurred Claims	33,075,905	136.70	5,976,070	402.16	0	0.00	0	0.00	39,051,975	70.72
Projected FY2013 Member Months	263,746		15,997		263,906		40,164		583,812	
Projected FY2013 Premium										
At Current Rates	38,475,321	145.88	6,353,931	397.20	0	0.00	0	0.00	44,829,252	76.79
Annual Cost Trend Assumptions										
Acute Care										
FY2012	2.3 %		2.3 %		2.3 %		2.3 %			
FY2013	2.9 %		2.9 %		2.9 %		2.9 %			
Reimbursement Adjustment	0.9558		0.9558		1.0000		1.0000			
Maanged Care Savings Factor	5.75%		5.75%		5.75%		5.75%			
Projected Incurred Claims	34,189,068	129.63	6,100,547	381.36	0	0.00	0	0.00	40,289,615	69.01
Administrative Expenses										
Fixed Amount	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Percentage of Premium	2,172,234	5.75%	387,604	5.75%	0	5.75%	0	5.75%	2,559,837	5.75%
Total	2,172,234	8.24	387,604	24.23	0	0.00	0	0.00	2,559,837	4.38
Risk Margin	755,560	2.00%	134,819	2.00%	0	2.00%	0	2.00%	890,378	2.00%
Premium Tax	661,115	1.75%	117,966	1.75%	0	1.75%	0	1.75%	779,081	1.75%
Maintenance Tax	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Projected Total Cost	37,777,975	143.24	6,740,936	421.39	0	0.00	0	0.00	44,518,911	76.26
Rate Change		-1.8%		6.1%		0.0%		0.0%		-0.7%

FY2013 STAR+Plus Rating Summary
Dallas SDA Total

Inpatient Carve In

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period (3/1/11-8/31/11)										
Member Months	148,367		4,514		143,492		18,362		314,735	
Estimated Incurred Claims	20,895,156	140.83	1,755,722	388.96	0	0.00	0	0.00	22,650,878	71.97
Projected FY2013 Member Months	323,954		11,186		296,185		40,561		671,886	
Projected FY2013 Premium										
At Current Rates	66,070,416	203.95	6,752,846	603.69	0	0.00	0	0.00	72,823,262	108.39
Annual Cost Trend Assumptions										
Acute Care										
FY2012	2.3 %		2.3 %		2.3 %		2.3 %			
FY2013	2.9 %		2.9 %		2.9 %		2.9 %			
Reimbursement Adjustment	1.1005		1.1005		1.0000		1.0000			
Maanged Care Savings Factor	5.75%		5.75%		5.75%		5.75%			
Projected Incurred Claims	49,531,825	152.90	4,723,624	422.28	0	0.00	0	0.00	54,255,449	80.75
Administrative Expenses										
Fixed Amount	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Percentage of Premium	3,147,050	5.75%	300,120	5.75%	0	5.75%	0	5.75%	3,447,169	5.75%
Total	3,147,050	9.71	300,120	26.83	0	0.00	0	0.00	3,447,169	5.13
Risk Margin	1,094,626	2.00%	104,389	2.00%	0	2.00%	0	2.00%	1,199,015	2.00%
Premium Tax	957,798	1.75%	91,341	1.75%	0	1.75%	0	1.75%	1,049,139	1.75%
Maintenance Tax	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Projected Total Cost	54,731,298	168.95	5,219,474	466.61	0	0.00	0	0.00	59,950,772	89.23
Rate Change		-17.2%		-22.7%		0.0%		0.0%		-17.7%

FY2013 STAR+Plus Rating Summary
Harris SDA Total

	Inpatient Carve In									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period										
Member Months	514,295		25,472		520,518		53,438		1,113,723	
Estimated Incurred Claims	88,451,718	171.99	14,279,140	560.58	0	0.00	0	0.00	102,730,858	92.24
Projected FY2013 Member Months	562,192		26,832		548,345		56,686		1,194,055	
Projected FY2013 Premium										
At Current Rates	112,151,595	199.49	17,208,781	641.36	0	0.00	0	0.00	129,360,376	108.34
Annual Cost Trend Assumptions										
Acute Care										
FY2012	2.3 %		2.3 %		2.3 %		2.3 %			
FY2013	2.9 %		2.9 %		2.9 %		2.9 %			
Reimbursement Adjustment	1.1027		1.1027		1.0000		1.0000			
Maanged Care Savings Factor	5.75%		5.75%		5.75%		5.75%			
Projected Incurred Claims	105,781,165	188.16	16,455,686	613.29	0	0.00	0	0.00	122,236,851	102.37
Administrative Expenses										
Fixed Amount	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Percentage of Premium	6,720,903	5.75%	1,045,527	5.75%	0	5.75%	0	5.75%	7,766,430	5.75%
Total	6,720,903	11.95	1,045,527	38.97	0	0.00	0	0.00	7,766,430	6.50
Risk Margin	2,337,705	2.00%	363,662	2.00%	0	2.00%	0	2.00%	2,701,367	2.00%
Premium Tax	2,045,492	1.75%	318,204	1.75%	0	1.75%	0	1.75%	2,363,696	1.75%
Maintenance Tax	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Projected Total Cost	116,885,265	207.91	18,183,078	677.67	0	0.00	0	0.00	135,068,344	113.12
Rate Change		4.2%		5.7%		0.0%		0.0%		4.4%

FY2013 STAR+Plus Rating Summary
Nueces SDA Total

	Inpatient Carve In									
	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period										
Member Months	93,066		7,285		105,835		30,554		236,740	
Estimated Incurred Claims	10,995,182	118.14	2,470,786	339.17	0	0.00	0	0.00	13,465,968	56.88
Projected FY2013 Member Months	100,499		8,463		106,426		34,234		249,622	
Projected FY2013 Premium										
At Current Rates	14,623,649	145.51	3,515,330	415.37	0	0.00	0	0.00	18,138,979	72.67
Annual Cost Trend Assumptions										
Acute Care										
FY2012	2.3 %		2.3 %		2.3 %		2.3 %			
FY2013	2.9 %		2.9 %		2.9 %		2.9 %			
Reimbursement Adjustment	1.1664		1.1664		1.0000		1.0000			
Maanged Care Savings Factor	5.75%		5.75%		5.75%		5.75%			
Projected Incurred Claims	13,740,201	136.72	3,321,720	392.49	0	0.00	0	0.00	17,061,921	68.35
Administrative Expenses										
Fixed Amount	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Percentage of Premium	872,996	5.75%	211,049	5.75%	0	5.75%	0	5.75%	1,084,045	5.75%
Total	872,996	8.69	211,049	24.94	0	0.00	0	0.00	1,084,045	4.34
Risk Margin	303,651	2.00%	73,408	2.00%	0	2.00%	0	2.00%	377,059	2.00%
Premium Tax	265,694	1.75%	64,232	1.75%	0	1.75%	0	1.75%	329,927	1.75%
Maintenance Tax	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Projected Total Cost	15,182,543	151.07	3,670,409	433.69	0	0.00	0	0.00	18,852,952	75.53
Rate Change		3.8%		4.4%		0.0%		0.0%		3.9%

FY2013 STAR+Plus Rating Summary
Tarrant SDA Total

Inpatient Carve In

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period (3/1/11-8/31/11)										
Member Months	83,958		2,920		79,052		10,738		176,668	
Estimated Incurred Claims	13,671,363	162.83	1,074,071	367.85	0	0.00	0	0.00	14,745,434	83.46
Projected FY2013 Member Months	184,869		6,651		165,697		22,543		379,761	
Projected FY2013 Premium										
At Current Rates	44,180,111	238.98	4,705,032	707.37	0	0.00	0	0.00	48,885,143	128.73
Annual Cost Trend Assumptions										
Acute Care										
FY2012	2.3 %		2.3 %		2.3 %		2.3 %			
FY2013	2.9 %		2.9 %		2.9 %		2.9 %			
Reimbursement Adjustment	1.1146		1.1146		1.0000		1.0000			
Maanged Care Savings Factor	5.75%		5.75%		5.75%		5.75%			
Projected Incurred Claims	33,100,528	179.05	2,690,379	404.48	0	0.00	0	0.00	35,790,907	94.25
Administrative Expenses										
Fixed Amount	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Percentage of Premium	2,103,072	5.75%	170,936	5.75%	0	5.75%	0	5.75%	2,274,008	5.75%
Total	2,103,072	11.38	170,936	25.70	0	0.00	0	0.00	2,274,008	5.99
Risk Margin	731,503	2.00%	59,456	2.00%	0	2.00%	0	2.00%	790,959	2.00%
Premium Tax	640,065	1.75%	52,024	1.75%	0	1.75%	0	1.75%	692,089	1.75%
Maintenance Tax	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Projected Total Cost	36,575,169	197.84	2,972,794	446.94	0	0.00	0	0.00	39,547,963	104.14
Rate Change		-17.2%		-36.8%		0.0%		0.0%		-19.1%

FY2013 STAR+Plus Rating Summary
Travis SDA Total

Inpatient Carve In

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Experience Period										
Member Months	96,939		3,868		100,532		13,663		215,002	
Estimated Incurred Claims	15,185,427	156.65	1,431,167	370.04	0	0.00	0	0.00	16,616,594	77.29
Projected FY2013 Member Months	105,919		4,400		105,164		15,201		230,685	
Projected FY2013 Premium										
At Current Rates	18,867,392	178.13	2,127,874	483.61	0	0.00	0	0.00	20,995,266	91.01
Annual Cost Trend Assumptions										
Acute Care										
FY2012	2.3 %		2.3 %		2.3 %		2.3 %			
FY2013	2.9 %		2.9 %		2.9 %		2.9 %			
Reimbursement Adjustment	1.1286		1.1286		1.0000		1.0000			
Maanged Care Savings Factor	5.75%		5.75%		5.75%		5.75%			
Projected Incurred Claims	18,578,731	175.40	1,823,088	414.34	0	0.00	0	0.00	20,401,819	88.44
Administrative Expenses										
Fixed Amount	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Percentage of Premium	1,180,417	5.75%	115,832	5.75%	0	5.75%	0	5.75%	1,296,248	5.75%
Total	1,180,417	11.14	115,832	26.33	0	0.00	0	0.00	1,296,248	5.62
Risk Margin	410,580	2.00%	40,289	2.00%	0	2.00%	0	2.00%	450,869	2.00%
Premium Tax	359,257	1.75%	35,253	1.75%	0	1.75%	0	1.75%	394,510	1.75%
Maintenance Tax	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Projected Total Cost	20,528,984	193.82	2,014,462	457.83	0	0.00	0	0.00	22,543,447	97.72
Rate Change		8.8%		-5.3%		0.0%		0.0%		7.4%

Attachment 5

Trend Analysis

The FY2013 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 – non-inpatient acute care, inpatient 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 and the Primary Care Case Management (PCCM) program. 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 and PCCM claims experience data through February 29, 2012. Based on this information, estimates of monthly incurred claims were made through December 2011. 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.

The FY2012 non-inpatient acute care trend assumptions were developed from two components: (i) the actual estimated trend for the period September 2011 through December 2011 and (ii) the projected trend for the period January 2012 through August 2012. The experience trends for the period September 2011 through December 2011 were adjusted to remove the impact of the various provider reimbursement reductions effective September 1, 2011 and discussed further in this report. The trends for the final eight months of FY2012 were projected using experience from FY2010 (3/7 weight), FY2011 (3/7 weight) and the first four months of FY2012 (1/7 weight). The FY2013 non-inpatient acute care trend assumptions were developed based on an average of the HMO trends for the most recent three fiscal years (FY2010, FY2011 and FY2012).

The inpatient acute care trend assumptions were developed from an analysis of inpatient claims currently paid on a fee-for-service basis for clients enrolled in the STAR+PLUS program as well as those clients enrolled in the Primary Care Case Management (PCCM) program outside of STAR+PLUS service areas. Based on this analysis the FY2012 trend was developed from two components: (i) the actual estimated trend for the period September 2011 through December 2011 and (ii) the projected trend for the period January 2012 through August 2012. The trends for the final eight months of FY2012 were projected using experience from FY2010 (3/7 weight), FY2011 (3/7 weight) and the first four months of FY2012 (1/7 weight). The FY2013 inpatient trend assumptions were developed based on an average of the HMO trends for the most recent three fiscal years (FY2010, FY2011 and FY2012).

The FY2012 long term care trend assumptions by risk group were developed from two components: (i) the actual estimated trend for the period September 2011 through December 2011 and (ii) the projected trend for the period January 2012 through August 2012. The experience trends for FY2010 were adjusted to remove the impact of the minimum wage increases effective during that time period. The trends for the final eight months of FY2012 were projected using experience from FY2010 (3/7 weight), FY2011 (3/7 weight) and the first four months of FY2012 (1/7 weight). The FY2013 long term care trend assumptions were developed based on an average of the HMO trends for the most recent three fiscal years

(FY2010, FY2011 and FY2012).

The attached Exhibit A presents a summary of the recent non-inpatient acute care and long term care trend experience under the HMO plans. Exhibit B presents a summary of the impact of the minimum wage increase on the FY2010 long term care trends. Exhibit C presents a summary of the recent inpatient trend experience across the entire state. Exhibit D presents the trend assumptions used in the rating analysis.

The chart below presents the assumed annual trend rates for FY2012 and FY2013.

	FY2012	FY2013
Acute Care (non-inpatient)		
Medicaid Only - OCC	5.8%	4.3%
Medicaid Only - CBA	3.0%	1.5%
Acute Care (inpatient)		
Medicaid Only - OCC	2.3%	2.9%
Medicaid Only - CBA	2.3%	2.9%
Long Term Care		
Medicaid Only - OCC	12.3%	10.5%
Medicaid Only - CBA	1.5 %	0.0%
Dual Eligible - OCC	6.3 %	5.0 %
Dual Eligible - CBA	1.1 %	0.0 %

FY2013 STAR+Plus Rating
Analysis of HMO Cost Trend Factors

	Bexar	Harris	Nueces	Travis	STAR+ Total
Acute Care (Non-inpatient)					
Medicaid Only OCC					
FY2010	1.029	1.047	1.006	0.993	1.033
FY2011	1.028	1.048	0.968	1.073	1.038
FY2012*	1.061	1.105	0.998	1.123	1.088
Medicaid Only CBA					
FY2010	1.020	1.018	1.139	0.905	1.027
FY2011	1.054	0.978	0.896	0.977	0.987
FY2012*	1.136	1.051	0.944	1.130	1.061
Long Term Care					
Medicaid Only OCC					
FY2010	1.144	1.140	1.135	1.093	1.135
FY2011	1.200	1.101	1.100	1.036	1.118
FY2012*	1.138	1.190	1.111	1.115	1.161
Medicaid Only CBA					
FY2010	0.922	0.914	0.991	0.890	0.923
FY2011	1.030	1.002	1.030	0.911	1.006
FY2012*	0.980	1.084	1.053	1.020	1.044
Dual Eligible OCC					
FY2010	1.086	1.133	1.084	1.100	1.106
FY2011	1.058	1.048	1.012	1.054	1.043
FY2012*	1.053	1.116	1.050	1.140	1.089
Dual Eligible CBA					
FY2010	1.053	1.030	1.023	1.023	1.033
FY2011	0.987	0.965	0.998	0.950	0.976
FY2012*	0.998	1.064	1.064	0.995	1.033

*Trend experience during the first four month of FY2012, 9/1/2011-12/31/2011

FY2013 STAR+Plus Rating
Analysis of Impact of Minimum Wage Increases on Long Term Care Trend

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

Footnotes:
(1) In conjunction with minimum 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

FY2013 STAR+Plus Rating
Analysis of Inpatient Trend Factors

	SSI - Inpatient		
	FY2010	FY2011	FY2012*
Bexar	0.993	1.035	0.816
Dallas	1.181	0.866	0.819
El Paso	1.206	0.868	0.849
Harris	1.104	1.125	1.130
Hidalgo	0.824	0.997	1.092
Jefferson	1.046	1.173	0.880
Lubbock	1.049	1.192	1.292
Nueces	1.025	1.022	1.249
Tarrant	1.125	0.942	0.784
Travis	0.981	1.156	0.915
MRSA Central	0.957	0.964	1.033
MRSA Northeast	0.974	0.995	1.279
MRSA West	1.005	1.071	1.064
Total	1.037	1.028	1.011

*Trend experience during the first four month of FY2012, 9/1/2011-12/31/2011

FY2013 STAR+Plus Rating
Trend Assumptions for FY2013 Managed Care Rating

	FY2012	FY2012
Acute Care - Non Inpatient		
Medicaid Only OCC	5.8 %	4.3 %
Medicaid Only CBA	3.0 %	1.5 %
Acute Care - Inpatient		
Medicaid Only OCC	2.3 %	2.9 %
Medicaid Only CBA	2.3 %	2.9 %
Long Term Care		
Medicaid Only OCC	12.3 %	10.5 %
Medicaid Only CBA	1.5 %	0.0 %
Dual Eligible OCC	6.3 %	5.0 %
Dual Eligible CBA	1.1 %	0.0 %

Attachment 6

Provider Reimbursement and Benefit Revisions Effective During FY2012 and FY2013

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 (FY2011) and before the end of FY2013.

Medicaid provider reimbursement changes were provided for the following services: the two 1% provider rate cuts effective 9/1/2010 and 2/1/2011, the inclusion of wrap payments for FQHCs effective 9/1/2011, DRG rebasing, legislative mandated provider rate reductions, the transition of outpatient imaging services to a fee schedule, 40% reduction for non emergent services provided in an emergency room, and further revision to the DME and therapy fee schedules.

The legislative mandated provider rate reductions included the following:

- 8% hospital rate reduction
- 10.5% laboratory rate reduction (excludes DSHS and physician lab)
- Varying durable medical equipment reductions.
- 5% reduction for all other providers excluding ambulance, private duty nursing (children only), home health (children only), dental, orthodontics, physicians (includes psychiatrists, optometrists, radiologists, podiatrists and orthodontists), FQHCs, Rural Health Centers and TEFRA reimbursed hospitals.

Effective September 1, 2010 and again on February 1, 2011, Medicaid reduced reimbursement by 1% for most providers and services. Attached Exhibit A presents the estimated cost impact for the reimbursement reduction.

Effective September 1, 2011, HHSC implemented legislative mandated provider rate reductions described above. Attached Exhibit B presents a summary of the derivation of the rating adjustment factors for services other than inpatient facility. Attached Exhibit J presents a summary of the derivation of the adjustment factors for reductions to inpatient facility reimbursement and DRG rebasing.

Effective September 1, 2011, HHSC implemented a new fee schedule for outpatient imaging services. Attached Exhibit C presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2011, HHSC required STAR+PLUS MCOs to pay Federally Qualified Health Centers (FQHCs) the full encounter rate. Attached Exhibit D presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2011, HHSC implemented a 40% reduction to reimbursement for non-emergent services provided in the emergency room. Attached Exhibit E presents a summary of the derivation of the rating adjustment factors.

Effective March 1, 2012 HHSC made further revisions to the Therapy and Durable Medical Equipment fee schedules. Attached Exhibits F and G presents a summary of the derivation of the rating adjustment factors.

Effective March 1, 2012 HHSC carved in several services previously not capitated under the STAR+PLUS program. Certain Early Childhood Intervention (ECI) services and hearing and audiology services for children are now the responsibility of the MCOs. Attached Exhibit H and I presents a summary of the derivation of the rating adjustment factors.

Effective March 1, 2012 the previous 8% reduction for SSI inpatient hospital reimbursement was restored. This restoration was included in the inpatient analysis by increasing the FY2011 base period claims data by 8%.

FY2013 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	-417,913	-143,113	0	0	-1,886	-562,912
Dallas	0	0	0	0	0	0
Harris	-1,071,449	-270,543	0	0	-1,736	-1,343,728
Nueces	-211,204	-68,229	0	0	-756	-280,188
Tarrant	0	0	0	0	0	0
Travis	-184,047	-39,999	0	0	-434	-224,481
Total	-1,884,613	-521,884	0	0	-4,811	-2,411,308
FY2011 Total Acute Care Claims Paid (3)						
Bexar	76,677,959	15,899,569	0	0	443,481	93,021,009
Dallas	53,769,250	5,265,901	0	0	264,813	59,299,964
Harris	204,257,994	33,502,315	0	0	571,075	238,331,384
Nueces	35,983,101	7,473,616	0	0	159,596	43,616,312
Tarrant	33,798,667	2,456,651	0	0	143,151	36,398,470
Travis	40,028,291	3,690,786	0	0	127,517	43,846,594
Total	444,515,262	68,288,837	0	0	1,709,634	514,513,733
Rate Adjustment Factor (4)						
Bexar	-0.55%	-0.90%	0.00%	0.00%	-0.43%	-0.61%
Dallas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Harris	-0.52%	-0.81%	0.00%	0.00%	-0.30%	-0.56%
Nueces	-0.59%	-0.91%	0.00%	0.00%	-0.47%	-0.64%
Tarrant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Travis	-0.46%	-1.08%	0.00%	0.00%	-0.34%	-0.51%
Total	-0.42%	-0.76%	0.00%	0.00%	-0.28%	-0.47%

Footnotes
(1) Effective 9/1/2010 and 2/1/2011 reimbursement for most acute care services was reduced by 1%
(2) Equals estimated impact of two 1% reductions on FY2011 encounter data.
(3) Equals FY2011 health plan fee-for-service claims for all acute care services (from Encounter database). Does not include expansion counties.
(4) Equals Cost Impact of Reimbursement Reduction divided by FY2011 Total Acute Care Claims Paid.

FY2013 STAR+PLUS Rating
Provider Reimbursement Adjustments
Legislative Mandated Provider Rates Reductions (1)

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Cost Impact of Legislative Mandated Provider Rates Reductions (2)						
Bexar	-2,876,359	-695,154	0	0	-12,669	-3,584,182
Dallas	-2,651,464	-257,607	0	0	-6,493	-2,915,564
Harris	-9,011,069	-1,568,738	0	0	-20,879	-10,600,687
Nueces	-1,621,741	-369,025	0	0	-3,538	-1,994,304
Tarrant	-1,970,198	-174,621	0	0	-7,025	-2,151,843
Travis	-2,054,242	-222,134	0	0	-15,258	-2,291,633
Total	-20,185,072	-3,287,279	0	0	-65,863	-23,538,214
FY2011 Total Acute Care Claims Paid (3)						
Bexar	76,677,959	15,899,569	0	0	443,481	93,021,009
Dallas	53,769,250	5,265,901	0	0	264,813	59,299,964
Harris	204,257,994	33,502,315	0	0	571,075	238,331,384
Nueces	35,983,101	7,473,616	0	0	159,596	43,616,312
Tarrant	33,798,667	2,456,651	0	0	143,151	36,398,470
Travis	40,028,291	3,690,786	0	0	127,517	43,846,594
Total	444,515,262	68,288,837	0	0	1,709,634	514,513,733
Rate Adjustment Factor (4)						
Bexar	-3.75%	-4.37%	0.00%	0.00%	-2.86%	-3.85%
Dallas	-4.93%	-4.89%	0.00%	0.00%	-2.45%	-4.92%
Harris	-4.41%	-4.68%	0.00%	0.00%	-3.66%	-4.45%
Nueces	-4.51%	-4.94%	0.00%	0.00%	-2.22%	-4.57%
Tarrant	-5.83%	-7.11%	0.00%	0.00%	-4.91%	-5.91%
Travis	-5.13%	-6.02%	0.00%	0.00%	-11.97%	-5.23%
Total	-4.54%	-4.81%	0.00%	0.00%	-3.85%	-4.57%

Footnotes
(1) Effective 9/1/2011 various legislative mandated reimbursement reductions were implemented.
Note that this adjustment does not include the 8% inpatient facility reduction. That adjustment is included elsewhere along with the DRG rebasing adjustment.
(2) Equals estimated impact of legislative reductions on FY2011 encounter data.
(3) Equals FY2011 health plan fee-for-service claims for all acute care services (from Encounter database). Does not include expansion counties.
(4) Equals Cost Impact of Reimbursement Reductions divided by FY2011 Total Acute Care Claims Paid.

FY2013 STAR+PLUS Rating
Provider Reimbursement Adjustments
Outpatient Imaging Services (1)

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Impact of Moving Outpatient Imaging Services to Fee Schedule (2)						
Bexar	-764,221	-87,929	0	0	-1,672	-853,822
Dallas	-1,663,422	-65,553	0	0	-1,585	-1,730,560
Harris	-3,970,142	-403,417	0	0	-2,670	-4,376,229
Nueces	-1,044,579	-105,912	0	0	-144	-1,150,635
Tarrant	-72,888	-2,439	0	0	0	-75,327
Travis	-238,541	-43,586	0	0	-854	-282,981
Total	-7,753,792	-708,836	0	0	-6,926	-8,469,553
FY2011 Total Acute Care Claims Paid (3)						
Bexar	76,677,959	15,899,569	0	0	443,481	93,021,009
Dallas	53,769,250	5,265,901	0	0	264,813	59,299,964
Harris	204,257,994	33,502,315	0	0	571,075	238,331,384
Nueces	35,983,101	7,473,616	0	0	159,596	43,616,312
Tarrant	33,798,667	2,456,651	0	0	143,151	36,398,470
Travis	40,028,291	3,690,786	0	0	127,517	43,846,594
Total	444,515,262	68,288,837	0	0	1,709,634	514,513,733
Rate Adjustment Factor (4)						
Bexar	-1.00%	-0.55%	0.00%	0.00%	-0.38%	-0.92%
Dallas	-3.09%	-1.24%	0.00%	0.00%	-0.60%	-2.92%
Harris	-1.94%	-1.20%	0.00%	0.00%	-0.47%	-1.84%
Nueces	-2.90%	-1.42%	0.00%	0.00%	-0.09%	-2.64%
Tarrant	-0.22%	-0.10%	0.00%	0.00%	0.00%	-0.21%
Travis	-0.60%	-1.18%	0.00%	0.00%	-0.67%	-0.65%
Total	-1.74%	-1.04%	0.00%	0.00%	-0.41%	-1.65%

Footnotes
(1) Effective 9/1/2011 outpatient imaging services were transitioned to a fee schedule
(2) Equals estimated impact fee schedule to FY2011 encounter data.
(3) Equals FY2011 health plan fee-for-service claims for all acute care services (from Encounter database). Does not include expansion counties.
(4) Equals Cost Impact of Reimbursement Reduction divided by FY2011 Total Acute Care Claims Paid.

FY2013 STAR+PLUS Rating
Provider Reimbursement Adjustments
Federally Qualified Health Centers Wrap Payment Adjustment (1)

	Total Cost	HMO Payments	HHSC Wrap Payments	FY2011 STAR+ Total Inc Claims (2)	Wrap Amt / Inc Claims
Bexar	1,641,224	649,656	991,568	93,021,009	1.07 %
Dallas	213,466	67,853	145,613	59,299,964	0.25 %
Harris	1,807,122	572,630	1,234,493	238,331,384	0.52 %
Nueces	437,277	201,356	235,922	43,616,312	0.54 %
Tarrant	18,949	18,479	470	36,398,470	0.00 %
Travis	3,206,525	1,119,336	2,087,189	43,846,594	4.76 %
Total	7,324,563	2,629,308	4,695,255	514,513,733	0.91 %

Footnotes:
(1) Effective 9/1/2011 the STAR MCOs will be responsible for paying the full encounter rate to FQHCs.
(2) Based on HMO-provided lag data incurred and paid through February 29, 2012. Does not include expansion counties.

FY2013 STAR+PLUS Rating
Provider Reimbursement Adjustments
Non Emergent Emergency Room Reductions (1)

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Impact of Non-Emergent Reduction (2)						
Bexar	-193,794	-12,222	0	0	-351	-206,368
Dallas	-86,169	-1,895	0	0	-8	-88,072
Harris	-385,453	-15,167	0	0	-304	-400,924
Nueces	-140,578	-12,262	0	0	-44	-152,884
Tarrant	-197,544	-6,071	0	0	-183	-203,798
Travis	-311,026	-8,054	0	0	-283	-319,363
Total	-1,314,564	-55,672	0	0	-1,173	-1,371,408
FY2011 Total Acute Care Claims Paid (3)						
Bexar	76,677,959	15,899,569	0	0	443,481	93,021,009
Dallas	53,769,250	5,265,901	0	0	264,813	59,299,964
Harris	204,257,994	33,502,315	0	0	571,075	238,331,384
Nueces	35,983,101	7,473,616	0	0	159,596	43,616,312
Tarrant	33,798,667	2,456,651	0	0	143,151	36,398,470
Travis	40,028,291	3,690,786	0	0	127,517	43,846,594
Total	444,515,262	68,288,837	0	0	1,709,634	514,513,733
Rate Adjustment Factor (4)						
Bexar	-0.25%	-0.08%	0.00%	0.00%	-0.08%	-0.22%
Dallas	-0.16%	-0.04%	0.00%	0.00%	0.00%	-0.15%
Harris	-0.19%	-0.05%	0.00%	0.00%	-0.05%	-0.17%
Nueces	-0.39%	-0.16%	0.00%	0.00%	-0.03%	-0.35%
Tarrant	-0.58%	-0.25%	0.00%	0.00%	-0.13%	-0.56%
Travis	-0.78%	-0.22%	0.00%	0.00%	-0.22%	-0.73%
Total	-0.30%	-0.08%	0.00%	0.00%	-0.07%	-0.27%

Footnotes
(1) Effective 9/1/2011 non-emergent services provided in an emergency room will have reimbursement reduced by 40%.
(2) Equals estimated impact of reduction on FY2011 encounter data.
(3) Equals FY2011 health plan fee-for-service claims for all acute care services (from Encounter database). Does not include expansion counties.
(4) Equals Cost Impact of Reimbursement Reduction divided by FY2011 Total Acute Care Claims Paid.

FY2013 STAR+PLUS Rating
Provider Reimbursement Adjustments
Therapy Rate Reductions (1)

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Impact of Therapy Reimbursement Reduction (2)						
Bexar	-9,658	-608	0	0	-76	-10,341
Dallas	-1,389	-143	0	0	0	-1,532
Harris	-26,884	-2,695	0	0	-13	-29,592
Nueces	23,157	1,629	0	0	431	25,216
Tarrant	-418	0	0	0	0	-418
Travis	-2,510	-361	0	0	0	-2,871
Total	-17,702	-2,178	0	0	343	-19,537
FY2011 Total Acute Care Claims Paid (3)						
Bexar	76,677,959	15,899,569	0	0	443,481	93,021,009
Dallas	53,769,250	5,265,901	0	0	264,813	59,299,964
Harris	204,257,994	33,502,315	0	0	571,075	238,331,384
Nueces	35,983,101	7,473,616	0	0	159,596	43,616,312
Tarrant	33,798,667	2,456,651	0	0	143,151	36,398,470
Travis	40,028,291	3,690,786	0	0	127,517	43,846,594
Total	444,515,262	68,288,837	0	0	1,709,634	514,513,733
Rate Adjustment Factor (4)						
Bexar	-0.01%	0.00%	0.00%	0.00%	-0.02%	-0.01%
Dallas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Harris	-0.01%	-0.01%	0.00%	0.00%	0.00%	-0.01%
Nueces	0.06%	0.02%	0.00%	0.00%	0.27%	0.06%
Tarrant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Travis	-0.01%	-0.01%	0.00%	0.00%	0.00%	-0.01%
Total	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%

Footnotes
(1) Effective 3/1/2012 further reductions to therapy reimbursement were made.
(2) Equals estimated impact of reduction on FY2011 encounter data.
(3) Equals FY2011 health plan fee-for-service claims for all acute care services (from Encounter database). Does not include expansion counties.
(4) Equals Cost Impact of Reimbursement Reduction divided by FY2011 Total Acute Care Claims Paid.

FY2013 STAR+PLUS Rating
Provider Reimbursement Adjustments
Durable Medical Equipment Reimbursement Changes (1)

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Impact of DME Reimbursement Revisions (2)						
Bexar	96,504	150,251	0	0	4,218	250,972
Dallas	-62,756	44,759	0	0	1,189	-16,808
Harris	255,344	233,897	0	0	3,841	493,081
Nueces	4,435	37,752	0	0	801	42,988
Tarrant	4,341	19,603	0	0	348	24,291
Travis	49,540	37,394	0	0	6,747	93,681
Total	347,408	523,655	0	0	17,144	888,206
FY2011 Total Acute Care Claims Paid (3)						
Bexar	76,677,959	15,899,569	0	0	443,481	93,021,009
Dallas	53,769,250	5,265,901	0	0	264,813	59,299,964
Harris	204,257,994	33,502,315	0	0	571,075	238,331,384
Nueces	35,983,101	7,473,616	0	0	159,596	43,616,312
Tarrant	33,798,667	2,456,651	0	0	143,151	36,398,470
Travis	40,028,291	3,690,786	0	0	127,517	43,846,594
Total	444,515,262	68,288,837	0	0	1,709,634	514,513,733
Rate Adjustment Factor (4)						
Bexar	0.13%	0.94%	0.00%	0.00%	0.95%	0.27%
Dallas	-0.12%	0.85%	0.00%	0.00%	0.45%	-0.03%
Harris	0.13%	0.70%	0.00%	0.00%	0.67%	0.21%
Nueces	0.01%	0.51%	0.00%	0.00%	0.50%	0.10%
Tarrant	0.01%	0.80%	0.00%	0.00%	0.24%	0.07%
Travis	0.12%	1.01%	0.00%	0.00%	5.29%	0.21%
Total	0.08%	0.77%	0.00%	0.00%	1.00%	0.17%

Footnotes
(1) Effective 3/1/2012 further revisions to DME reimbursement were made.
(2) Equals estimated impact of revisions on FY2011 encounter data.
(3) Equals FY2011 health plan fee-for-service claims for all acute care services (from Encounter database). Does not include expansion counties.
(4) Equals Cost Impact of Reimbursement Reduction divided by FY2011 Total Acute Care Claims Paid.

FY2013 STAR+PLUS Rating
Provider Reimbursement Adjustments
Capitation of Early Childhood Intervention Services (1)

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Impact of Capitating ECI (2)						
Bexar	20,447	0	0	0	0	20,447
Dallas	4,643	0	0	0	0	4,643
Harris	53,752	0	0	0	0	53,752
Nueces	4,018	0	0	0	0	4,018
Tarrant	9,911	0	0	0	0	9,911
Travis	12,054	0	0	0	0	12,054
Total	104,825	0	0	0	0	104,825
FY2011 Total Acute Care Claims Paid (3)						
Bexar	76,677,959	15,899,569	0	0	443,481	93,021,009
Dallas	53,769,250	5,265,901	0	0	264,813	59,299,964
Harris	204,257,994	33,502,315	0	0	571,075	238,331,384
Nueces	35,983,101	7,473,616	0	0	159,596	43,616,312
Tarrant	33,798,667	2,456,651	0	0	143,151	36,398,470
Travis	40,028,291	3,690,786	0	0	127,517	43,846,594
Total	444,515,262	68,288,837	0	0	1,709,634	514,513,733
Rate Adjustment Factor (4)						
Bexar	0.03%	0.00%	0.00%	0.00%	0.00%	0.02%
Dallas	0.01%	0.00%	0.00%	0.00%	0.00%	0.01%
Harris	0.03%	0.00%	0.00%	0.00%	0.00%	0.02%
Nueces	0.01%	0.00%	0.00%	0.00%	0.00%	0.01%
Tarrant	0.03%	0.00%	0.00%	0.00%	0.00%	0.03%
Travis	0.03%	0.00%	0.00%	0.00%	0.00%	0.03%
Total	0.02%	0.00%	0.00%	0.00%	0.00%	0.02%

Footnotes
(1) Effective 3/1/2012 certain ECI services became capitated.
(2) Equals estimated impact of newly capitated services.
(3) Equals FY2011 health plan fee-for-service claims for all acute care services (from Encounter database). Does not include expansion counties.
(4) Equals Cost Impact of newly capitated services divided by FY2011 Total Acute Care Claims Paid.

FY2013 STAR+PLUS Rating
Provider Reimbursement Adjustments
Capitation of Hearing and Audiology Services (1)

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Impact of Capitating Hearing and Audiology (2)						
Bexar	26,581	0	0	0	0	26,581
Dallas	3,527	0	0	0	0	3,527
Harris	132,000	0	0	0	0	132,000
Nueces	1,932	0	0	0	0	1,932
Tarrant	441	0	0	0	0	441
Travis	6,162	0	0	0	0	6,162
Total	170,645	0	0	0	0	170,645
FY2011 Total Acute Care Claims Paid (3)						
Bexar	76,677,959	15,899,569	0	0	443,481	93,021,009
Dallas	53,769,250	5,265,901	0	0	264,813	59,299,964
Harris	204,257,994	33,502,315	0	0	571,075	238,331,384
Nueces	35,983,101	7,473,616	0	0	159,596	43,616,312
Tarrant	33,798,667	2,456,651	0	0	143,151	36,398,470
Travis	40,028,291	3,690,786	0	0	127,517	43,846,594
Total	444,515,262	68,288,837	0	0	1,709,634	514,513,733
Rate Adjustment Factor (4)						
Bexar	0.03%	0.00%	0.00%	0.00%	0.00%	0.03%
Dallas	0.01%	0.00%	0.00%	0.00%	0.00%	0.01%
Harris	0.06%	0.00%	0.00%	0.00%	0.00%	0.06%
Nueces	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Tarrant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Travis	0.02%	0.00%	0.00%	0.00%	0.00%	0.01%
Total	0.04%	0.00%	0.00%	0.00%	0.00%	0.03%

Footnotes
(1) Effective 3/1/2012 certain hearing and audiology services became capitated.
(2) Equals estimated impact of newly capitated services.
(3) Equals FY2011 health plan fee-for-service claims for all acute care services (from Encounter database). Does not include expansion counties.
(4) Equals Cost Impact of newly capitated services divided by FY2011 Total Acute Care Claims Paid.

FY2013 STAR+PLUS Rating
Facility Reimbursement Changes
Legislative Mandated Inpatient Facility Rate Reductions and DRG Rebasing (1)

Medicaid Only

Impact of 8% Inpatient Facility Rate Reduction and DRG Rebasing (2)	
Bexar	-4,502,269
Dallas	430,367
Harris	2,174,154
Nueces	1,072,745
Tarrant	471,854
Travis	750,468
Total	397,319

FY2011 Total Inpatient Claims Paid (3)	
Bexar	39,051,975
Dallas	22,650,878
Harris	102,730,858
Nueces	13,465,968
Tarrant	14,745,434
Travis	16,616,594
Total	209,261,708

Rate Adjustment Factor (4)	
Bexar	-11.50%
Dallas	1.90%
Harris	2.10%
Nueces	8.00%
Tarrant	3.20%
Travis	4.50%
Total	0.20%

Footnotes
(1) Effective 9/1/2011 hospital reimbursement will be adjusted to reflect the legislative mandated 8% reimbursement reduction along with DRG rebasing.
(2) Equals estimated impact of applying 8% reduction and DRG rebasing to FY2011 encounter data.
(3) Equals FY2011 health plan fee-for-service claims for all inpatient services. Includes expansion counties.
(4) Equals Cost Impact of DRG Rebasing divided by FY2011 Total Inpatient Claims Paid.

Attachment 7

Long Term Care Reimbursement Adjustments

Effective September 1, 2011 Medicaid reduced reimbursement paid for personal assistance services (PAS) rendered to CBA clients by $0.46 per unit of service. PAS are a commonly provided long term care benefit under the STAR+PLUS program. The attached Exhibit A presents the estimated cost impact of this change.

Effective September 1, 2011 changes were made to the functional assessment guidelines that determine the number of personal attendant service hours for STAR+PLUS members. Prior to September 1, 2011 a maximum of 30 minutes per day were allowed for transfer and ambulation services. This maximum was increased to 30 minutes for transfer and 30 minutes for ambulation services. Exhibit B presents a summary of the derivation of the adjustment factor.

FY2013 STAR+PLUS Rating
Provider Reimbursement Adjustments
Personal Assistance Services (1)

	OCC	CBA	Grand Total
FY2011 Personal Assistance Services (2)			
Bexar	67,085,024	66,145,318	133,230,342
Dallas	24,515,080	22,100,854	46,615,934
Harris	135,505,086	83,961,506	219,466,592
Nueces	36,394,001	43,545,204	79,939,204
Tarrant	10,257,574	17,268,916	27,526,490
Travis	18,652,213	25,103,941	43,756,154
Total	292,408,977	258,125,740	550,534,717
Estimated PAS Reduction (3)	0.00%	-3.60%	
Cost Impact of PAS Reduction			
Bexar	0	-2,381,231	-2,381,231
Dallas	0	-795,631	-795,631
Harris	0	-3,022,614	-3,022,614
Nueces	0	-1,567,627	-1,567,627
Tarrant	0	-621,681	-621,681
Travis	0	-903,742	-903,742
Total	0	-9,292,527	-9,292,527
FY2011 Total Long Term Care Claims Paid (4)			
Bexar	85,844,707	84,857,130	170,701,836
Dallas	40,947,079	36,835,902	77,782,981
Harris	156,332,375	100,826,136	257,158,511
Nueces	42,588,247	50,950,722	93,538,969
Tarrant	13,558,795	22,789,066	36,347,861
Travis	20,179,158	27,360,136	47,539,295
Total	359,450,361	323,619,093	683,069,454
Rate Adjustment Factor (5)			
Bexar	0.00%	-2.81%	-1.39%
Dallas	0.00%	-2.16%	-1.02%
Harris	0.00%	-3.00%	-1.18%
Nueces	0.00%	-3.08%	-1.68%
Tarrant	0.00%	-2.73%	-1.71%
Travis	0.00%	-3.30%	-1.90%
Total	0.00%	-2.87%	-1.36%

Footnotes
(1) Effective 9/1/2011 Personal Assistance services for CBA clients were reduced by $0.46 per unit.
(2) Equals FY2011 PAS payments (from FY2011 FSR data)
(3) Equals $0.46 reduction of current PAS rate of $11.66. Assumed to be applicable to 90% of PAS services.
(4) Equals FY2011 health plan fee-for-service claims for all long term care services (from MCO reported data).
(5) Equals Cost Impact of $0.46 PAS reduction divided by FY2011 Total Long Term Care Claims Paid.

FY2013 STAR+PLUS Rating
Provider Reimbursement Adjustments
Task Guideline Changes (1)

	Grand Total
FY2011 Total Long Term Care Claims Paid (2)	683,069,454
Transfer and Ambulation % of Total (3)	7%
Projected Increase (4)	25%
Projected Impact (5)	11,488,169
Rate Adjustment (6)	1.0168
Trend Adjustment (7)	0.9923
Trend Adjusted Rate Adjustment	1.0090

Footnotes
(1) Effective 9/1/2011 Task Guideline changes were implemented allowing up to 30 minutes for both transfer and ambulation per day.
(2) Equals FY2011 health plan fee-for-service claims for all long term care services (from MCO reported data).
(3) Estimated percentage of total long term care claims allocated to transfer and ambulation.
(4) Projected increase in the number of units per member for transfer and ambulation.
(5) Projected increase in long term care cost due to guideline changes.
(6) Total rate adjustment without accounting for impact on FY2012 trend estimate.
(7) Adjustment to remove impact of guideline change already accounted for in FY2012 and FY2013 trend estimates.
(8) Final rate adjustment net of impact already included in FY2012 and FY2013 trend assumptions.

Attachment 8

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.

Due to the relative infancy of the STAR+PLUS program in the Dallas and Tarrant service areas risk adjustment has not been applied for the health plan operating in these areas.

For FY2013 risk adjustment is only applicable to the non-inpatient acute care component of the community rate.

TEXAS STAR+PLUS CDPS SA/Health Plan Risk

Reporting Period: September 1, 2010 to August 31, 2011

	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	112,965	100.00	488.00	488.00	1.00	1.00
BEXAR	20,217	100.00	465.45	499.08	1.00	0.93
AMERIGROUP	3,234	16.00	377.13	472.95	0.95	0.80
Molina	2,704	13.37	416.00	435.15	0.87	0.96
Superior	14,279	70.63	494.33	516.73	1.04	0.96
DALLAS	22,551	100.00	387.50	373.51	1.00	1.04
Molina	12,893	57.17	421.89	370.29	0.99	1.14
Superior	9,658	42.83	341.54	377.82	1.01	0.90
HARRIS	42,332	100.00	527.61	517.82	1.00	1.02
AMERIGROUP	19,943	47.11	488.09	497.14	0.96	0.98
Evercare	17,084	40.36	578.57	556.71	1.08	1.04
Molina	5,305	12.53	512.75	470.51	0.91	1.09
NUECES	7,375	100.00	602.53	536.92	1.00	1.12
Evercare	2,926	39.67	577.06	497.41	0.93	1.16
Superior	4,449	60.33	619.08	562.58	1.05	1.10
TARRANT	12,551	100.00	393.10	433.44	1.00	0.91
AMERIGROUP	12,030	95.85	393.62	430.80	0.99	0.91
Bravo	521	4.15	381.18	493.77	1.14	0.77
TRAVIS	7,939	100.00	494.12	506.93	1.00	0.97
AMERIGROUP	5,246	66.08	488.15	521.69	1.03	0.94
Evercare	2,693	33.92	505.99	477.54	0.94	1.06

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

TEXAS STAR+PLUS CDPS SA/Health Plan Risk

Reporting Period: September 1, 2010 to August 31, 2011

	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, CBA	5,569	100.00	2477.46	2477.46	1.00	1.00
BEXAR	1,292	100.00	2431.55	2391.98	1.00	1.02
AMERIGROUP	126	9.75	2157.74	2224.85	0.93	0.97
Molina	129	9.98	2385.46	2148.73	0.90	1.11
Superior	1,037	80.26	2469.83	2442.40	1.02	1.01
DALLAS	699	100.00	2350.23	1830.77	1.00	1.28
Molina	380	54.36	2212.19	1764.24	0.96	1.25
Superior	319	45.64	2514.38	1909.88	1.04	1.32
HARRIS	2,152	100.00	2574.75	2720.39	1.00	0.95
AMERIGROUP	445	20.68	2758.46	3061.92	1.13	0.90
Evercare	1,516	70.45	2454.01	2600.44	0.96	0.94
Molina	191	8.88	3097.97	2868.59	1.05	1.08
NUECES	628	100.00	2394.69	2438.71	1.00	0.98
Evercare	237	37.74	2174.03	2188.94	0.90	0.99
Superior	391	62.26	2525.69	2587.00	1.06	0.98
TARRANT	460	100.00	2303.08	2079.36	1.00	1.11
AMERIGROUP	450	97.83	2309.41	2079.68	1.00	1.11
Bravo	10	2.17	2017.78	2064.83	0.99	0.98
TRAVIS	338	100.00	2486.28	2455.35	1.00	1.01
AMERIGROUP	174	51.48	2947.39	2683.33	1.09	1.10
Evercare	164	48.52	1998.61	2214.22	0.90	0.90

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

Attachment 9

Managed Care Discount Factor

Effective September 1, 2011, HHSC implemented service area expansions for all existing STAR+PLUS areas. This resulted in the elimination of PCCM in these expansion counties and the movement of those clients along with some current FFS clients to MCOs. We have considered this in our analysis by including the actual PCCM and FFS claims experience in our rating model. In each of the expansion counties we used FY2011 PCCM and FFS claims experience in deriving the FY2013 community rates.

Our rating analysis includes an explicit assumption regarding the anticipated reduction in claims cost resulting from the implementation of managed care in these expansion areas. In deriving the managed care efficiency factor, we relied upon experience from the previous STAR+PLUS expansion into the current STAR+PLUS service areas effective February 1, 2007. The following table includes the managed care savings assumptions by type of service:

Acute Care (non-inpatient)	10%
Acute Care (inpatient)	22%
Long Term Care	10%
Nursing Facility Care	5%

Although nursing facility services are excluded from the STAR+PLUS capitation rates, the estimated savings on this service have been analyzed in determining the overall savings associated with the STAR+PLUS expansion. The reduction in nursing facility services is assumed to be partially offset by an increase in other acute care and long term care services.

These discount factors are intended to reflect the reduction in average claim costs when moving to the STAR+PLUS managed care model.

The expansion counties are listed below:

SDA	Expansion Counties
Bexar SDA	Bandera
Harris SDA	Austin, Matagorda and Wharton
Nueces SDA	Brooks, Goliad, Karnes, Kenedy and Live Oak
Travis SDA	Fayette

Further expansion of the STAR+PLUS program occurred on March 1, 2012 with the carve-in of inpatient hospital services. Prior to March 1, 2012 inpatient hospital services for STAR+PLUS members have been managed by the participating health plans but carved out and paid on a fee-for-service basis. With the transition of these services back into STAR+PLUS under a fully capitated arrangement an assumed savings of 5.75% of claims cost has been assumed.