STATE OF TEXAS
MEDICAID MANAGED CARE
STAR+PLUS PROGRAM RATE SETTING
STATE FISCAL YEAR 2012

Prepared for:
Texas Health and Human Services Commission

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I. Introduction

Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to develop the state fiscal year 2012 (FY2012, September 1, 2011 through August 31, 2012) 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 FY2012 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 2007 and a projection of future enrollment through August 2012. These projections were prepared by HHSC System Forecasting staff.
- Claim lag reports by risk group for each health plan for the period September 2007 through February 2011. These reports include monthly paid claims by month of service.
- Financial Statistical Reports (FSR) for each participating HMO for FY2009, FY2010 and the first six months of FY2011. 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 (FY2011) premium rates by risk group for each HMO.
- Information from both HHSC and the HMOs regarding recent changes in covered services and provider reimbursement under the Medicaid program.
- Information from the HMOs regarding current and projected payment rates for certain capitated services, such as mental health and vision.
- Information from the HMOs regarding attendant care enhanced payments, nursing facility recoupments and service coordination expenses
- FY2010 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 FY2010 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 FY2012 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 FY2012 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 (FY2010) were developed. These estimates were then projected forward to FY2012 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 FY2012 cost under the health plan. These projected total cost rates were determined separately for each risk group for each health plan. The results of this analysis were then combined for all HMOs in a service area in order to develop a set of community rates for each service area.

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

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

A description of the rating methodology utilized for the new Dallas, Tarrant and Jefferson SDAs will be presented in a separate document.

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

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

Services specifically excluded from the analysis include:

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

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

We projected the FY2012 cost for each individual HMO by estimating their base period (FY2010) 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

FY2012 cost for each health plan in the service area. The weights used in this formula are the projected FY2012 number of clients enrolled in each health plan by risk group. Attachment 3 presents the summary community rating exhibit for each service area along with a description of the analysis.

The acute care portion of the base community rate in each service area was adjusted to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective memberships. Additional information regarding risk adjustment is included in Section III below under Risk Adjustment and in Attachment 7. The final FY2012 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 FY2012 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 (FY2011 and FY2012).

The trend analysis included a review of HMO claims experience data through February 28, 2011. Based on this information, estimates of monthly incurred claims were made through December 2010. The claims cost and trend experience was reviewed separately by service area, risk group and type of service. The service area trends were then combined into a statewide average using a weighted average formula with estimated incurred claims as the weights.

The FY2011 trend assumptions by risk group for acute care services were developed using the weighted average HMO trend for the period September 1, 2010 through December 31, 2011. The FY2011 trend was adjusted to remove the impact of the 1% provider rate reduction effective September 1, 2010. The FY2012 acute care trend assumptions were developed based on an average of the HMO trends for the most recent three fiscal years (FY2009, FY2010 and FY2011).

The FY2011 trend assumptions by risk group for long term care services were developed using the weighted average HMO trend for the period September 1, 2010 through December 31, 2010. The FY2012 long term care trend assumptions were developed based on an average of the HMO experience trends for the most recent three fiscal years (FY2009, FY2010 and FY2011). For the purpose of determining the underlying FY2012 trend the FY2009 and FY2010 trends required adjustments to remove the impact of the minimum wage increases that occurred during these time periods. No minimum wage adjustment is planned for FY2012 therefore it would be inappropriate to allow the impact of these changes in prior periods to impact the selection of the FY2012 trend.

Attachment 4 is a summary of the cost trend analysis. The chart below presents the assumed annual trend rates for FY2011 and FY2012.

	FY2011	FY2012
Acute Care		
Medicaid Only - OCC	4.8%	6.6%
Medicaid Only - CBA	8.1%	9.3%
Dual Eligible - OCC	N/A	N/A
Dual Eligible - CBA	N/A	N/A

Long Term Care		
Medicaid Only - OCC	9.2%	8.2%
Medicaid Only - CBA	2.5 %	0.0%
Dual Eligible - OCC	2.2 %	3.0 %
Dual Eligible - CBA	-1.5 %	0.0 %

Managed Care Efficiency Factor

Effective September 1, 2011, HHSC will implement service area expansions for all existing STAR+PLUS areas. This will result 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 FY2010 PCCM and FFS claims experience in deriving the FY2012 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:

Type of service	Savings
Acute Care (non-inpatient)	10%
Acute Care (inpatient)	22%
Long Term Care	10%
Nursing Facility Care	5%

Although inpatient and 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 inpatient and 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.

Provider Reimbursement Adjustments

Medicaid provider reimbursement changes were provided for the following services: digestive system surgery, female genital surgery, the two one percent 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 and the transition of outpatient imaging services to a fee schedule.

The legislative mandated provider rate reductions included the following:

- 8% hospital rate reduction
- 10.5% laboratory rate reduction (excludes DSHS and physician lab)

- 10.5% durable medical equipment reduction. Achieved via targeted rate reductions that vary by service
- 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 5 presents a summary of the derivation of these adjustment factors.

DRG Rebasing Adjustments

Effective September 1, 2011, HHSC is rebasing the DRG reimbursement system. This rebasing effort is intended to update the Standard Dollar Amounts and Relative Weights used in the Medicaid DRG payment system. HHSC staff has utilized the FY2010 encounter data to determine the cost impact from DRG Rebasing on each service area and risk group. The final Standard Dollar Amounts are not expected to be made available to the MCOs until around August 1, 2011. As a result, we have assumed, for purposes of these rate calculations, that the revised reimbursement level will not be incorporated into MCO provider contracts until November 1, 2011.

Although inpatient hospital services are mostly carved out, a small portion is capitated for inpatient behavioral health services. Exhibit D of Attachment 5 presents a summary of the resulting adjustment factors.

Substance Abuse Benefit for Adults Adjustment

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

Personal Assistance Services Reimbursement Adjustment

Effective September 1, 2011 the reimbursement for personal assistance services (PAS) will be reduced by $0.51 per unit for CBA clients. Attachment 7 presents a summary of the derivation of the adjustment factor.

Nursing Facility Adjustment

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

Out-of-Network Adjustment

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

Bariatric Surgery

The Medicaid bariatric surgery benefit began July 1, 2008. Previously, MCOs were reimbursed for this service through a supplemental payment. Effective September 1, 2011, all funding for bariatric surgery will be provided through the capitation rates. The bariatric supplemental payment will no longer be provided.

Risk Adjustment

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

The acute care portion of the base community rate in each service area was adjusted to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective memberships. The risk analysis was performed by the University of Florida's Institute for Child Health Policy (ICHP). The methodology used to incorporate the acuity risk adjustment is the Chronic Illness and Disability Payment System (CDPS). Additional information regarding acuity risk adjustment is included in Attachment 9.

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

Frew Rewards and Sanctions

Effective September 1, 2011, the Frew Rewards and Sanctions program will no longer be provided.

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 ($0.105 pmpm) and a risk margin (2.0% of premium).

V. Summary

The chart below presents the results of the FY2012 STAR+PLUS rating analysis.

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA
Monthly Premium Rates				
Amerigroup - Bexar	$525.34	$2,907.50	$265.80	$1,673.44
Molina - Bexar	513.41	2,771.70	265.80	1,673.44
Superior - Bexar	581.20	2,779.73	265.80	1,673.44
Amerigroup - Harris	613.65	3,453.66	236.95	1,469.55
Evercare - Harris	674.73	3,169.12	236.95	1,469.55
Molina - Harris	597.18	3,373.88	236.95	1,469.55
Evercare - Nueces	712.79	2,831.07	385.79	1,573.35
Superior - Nueces	777.70	2,909.96	385.79	1,573.35
Amerigroup - Travis	611.55	3,395.03	179.87	1,710.22
Evercare - Travis	565.20	3,150.05	179.87	1,710.22

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

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

Attachment 1 presents additional information regarding the FY2012 rates including a comparison to current (FY2011) rates.

VI. Actuarial Certification of FY2012 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 2012 (FY2012) 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 FY2012 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 FY2012 STAR+PLUS Rating Analysis

The attached exhibit presents summary information regarding the FY2012 rates. Included on the exhibit are current (FY2011) premium, projected FY2012 enrollment, FY2012 premium and a comparison of FY2011 and FY2012 premium rates.

FY2012 STAR+Plus Rating Summary

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
Projected FY2012 Member Months										
Amerigroup Bexar	41,363	1,461	62,206	7,751	112,780					
Molina Bexar	34,422	1,673	69,314	10,253	115,663					
Superior Bexar	177,064	12,851	127,975	24,441	342,332					
Contig Counties Bexar	2,050	49	1,714	148	3,961					
Amerigroup Harris	249,483	5,155	213,799	11,784	480,221					
Evercare Harris	212,657	18,426	255,758	37,774	524,616					
Molina Harris	67,091	2,247	52,309	3,623	125,269					
Contig Counties Harris	12,224	289	15,821	1,366	29,701					
Evercare Nueces	37,301	2,972	47,253	12,585	100,112					
Superior Nueces	55,953	4,842	50,751	16,781	128,328					
Contig Counties Nueces	6,048	143	11,563	999	18,753					
Amerigroup Travis	64,917	1,996	57,427	6,446	130,786					
Evercare Travis	33,339	2,017	43,193	6,666	85,215					
Contig Counties Travis	1,600	38	3,354	290	5,282					
Total - All Plans	995,513	54,159	1,012,437	140,908	2,203,017					
FY2011 (Current) Premium Rates pmpm						Projected FY2012 Premium Based on FY2011 Rates				
Amerigroup Bexar	528.09	2,960.76	270.12	1,672.83	496.00	21,843,299	4,326,732	16,802,956	12,965,591	55,938,577
Molina Bexar	501.84	2,673.82	270.12	1,672.83	498.20	17,274,406	4,473,623	18,723,191	17,152,238	57,623,458
Superior Bexar	595.57	2,834.14	270.12	1,672.83	634.86	105,454,105	36,422,324	34,568,576	40,886,074	217,331,079
Contig Counties Bexar	567.85	2,834.86	270.12	1,672.83	508.08	1,164,244	137,609	463,042	247,659	2,012,554
Amerigroup Harris	630.97	3,371.40	227.94	1,488.08	501.99	157,416,293	17,378,748	48,733,289	17,535,663	241,063,993
Evercare Harris	698.41	3,183.79	227.94	1,488.08	613.20	148,521,613	58,664,689	58,297,563	56,211,474	321,695,339
Molina Harris	606.83	3,391.79	227.94	1,488.08	524.05	40,712,657	7,619,807	11,923,383	5,390,954	65,646,801
Contig Counties Harris	642.27	3,249.56	227.94	1,488.08	485.88	7,851,040	940,458	3,606,247	2,033,297	14,431,042
Evercare Nueces	749.33	2,666.38	357.31	1,606.63	728.98	27,950,992	7,924,896	16,883,922	20,220,132	72,979,942
Superior Nueces	813.20	2,905.47	357.31	1,606.63	815.60	45,501,340	14,067,955	18,133,990	26,961,318	104,664,603
Contig Counties Nueces	778.14	2,812.73	357.31	1,606.63	578.31	4,706,003	402,743	4,131,636	1,604,473	10,844,854
Amerigroup Travis	628.28	3,814.44	175.39	1,803.90	535.98	40,786,216	7,612,075	10,072,070	11,628,419	70,098,780
Evercare Travis	586.00	3,318.62	175.39	1,803.90	537.83	19,536,798	6,693,466	7,575,534	12,024,810	45,830,608
Contig Counties Travis	614.33	3,610.56	175.39	1,803.90	422.30	982,792	136,754	588,299	522,571	2,230,416
Total - All Plans	642.59	3,079.87	247.43	1,599.51	582.11	639,701,799	166,801,878	250,503,699	225,384,670	1,282,392,047

FY2012 STAR+Plus Rating Summary

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
FY2012 Premium Rates pmpm (Community Rates) - Acute Care						FY2012 Premium				
Amerigroup Bexar	410.31	1,284.00	0.00	0.00	167.12	16,971,399	1,876,380	0	0	18,847,779
Molina Bexar	410.31	1,284.00	0.00	0.00	140.68	14,123,593	2,148,281	0	0	16,271,875
Superior Bexar	410.31	1,284.00	0.00	0.00	260.42	72,650,405	16,501,001	0	0	89,151,405
Contig Counties Bexar	410.31	1,284.00	0.00	0.00	228.11	841,236	62,327	0	0	903,563
Amerigroup Harris	471.06	1,759.50	0.00	0.00	263.61	117,520,513	9,069,772	0	0	126,590,285
Evercare Harris	471.06	1,759.50	0.00	0.00	252.74	100,173,285	32,420,563	0	0	132,593,848
Molina Harris	471.06	1,759.50	0.00	0.00	283.84	31,603,495	3,952,785	0	0	35,556,280
Contig Counties Harris	471.06	1,759.50	0.00	0.00	211.02	5,758,141	509,217	0	0	6,267,358
Evercare Nueces	508.17	1,394.23	0.00	0.00	230.73	18,955,261	4,143,854	0	0	23,099,114
Superior Nueces	508.17	1,394.23	0.00	0.00	274.17	28,433,641	6,750,679	0	0	35,184,320
Contig Counties Nueces	508.17	1,394.23	0.00	0.00	174.53	3,073,266	199,633	0	0	3,272,899
Amerigroup Travis	480.66	1,293.45	0.00	0.00	258.32	31,203,292	2,581,207	0	0	33,784,500
Evercare Travis	480.66	1,293.45	0.00	0.00	218.67	16,024,925	2,608,820	0	0	18,633,745
Contig Counties Travis	480.66	1,293.45	0.00	0.00	154.87	768,954	48,991	0	0	817,945
Total - All Plans	460.17	1,530.20	0.00	0.00	245.56	458,101,404	82,873,512	0	0	540,974,916
FY2012 Premium Rates pmpm (Community Rates) - Long Term Care						FY2012 Premium				
Amerigroup Bexar	152.53	1,506.57	265.80	1,673.44	337.07	6,309,202	2,201,646	16,534,146	12,970,336	38,015,330
Molina Bexar	152.53	1,506.57	265.80	1,673.44	374.82	5,250,516	2,520,681	18,423,661	17,158,515	43,353,374
Superior Bexar	152.53	1,506.57	265.80	1,673.44	354.29	27,008,147	19,361,414	34,015,556	40,901,038	121,286,155
Contig Counties Bexar	152.53	1,506.57	265.80	1,673.44	274.99	312,734	73,132	455,634	247,750	1,089,249
Amerigroup Harris	165.06	1,484.37	236.95	1,469.55	243.24	41,179,218	7,651,548	50,659,258	17,317,319	116,807,343
Evercare Harris	165.06	1,484.37	236.95	1,469.55	340.37	35,100,745	27,351,016	60,601,517	55,511,561	178,564,839
Molina Harris	165.06	1,484.37	236.95	1,469.55	256.46	11,073,873	3,334,695	12,394,602	5,323,829	32,126,999
Contig Counties Harris	165.06	1,484.37	236.95	1,469.55	276.22	2,017,654	429,592	3,748,768	2,007,979	8,203,993
Evercare Nueces	243.67	1,485.77	385.79	1,573.35	514.78	9,089,040	4,415,945	18,229,599	19,801,257	51,535,841
Superior Nueces	243.67	1,485.77	385.79	1,573.35	520.62	13,633,919	7,193,938	19,579,300	26,402,795	66,809,952
Contig Counties Nueces	243.67	1,485.77	385.79	1,573.35	411.59	1,473,630	212,741	4,460,935	1,571,235	7,718,540
Amerigroup Travis	115.19	1,978.67	179.87	1,710.22	250.64	7,477,527	3,948,624	10,329,138	11,024,542	32,779,832
Evercare Travis	115.19	1,978.67	179.87	1,710.22	316.85	3,840,198	3,990,865	7,768,884	11,400,348	27,000,295
Contig Counties Travis	115.19	1,978.67	179.87	1,710.22	257.11	184,271	74,944	603,314	495,433	1,357,963
Total - All Plans	164.69	1,528.12	254.64	1,576.44	329.84	163,950,672	82,760,782	257,804,313	222,133,937	726,649,704

FY2012 STAR+Plus Rating Summary

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
FY2012 Premium Rates pmpm (Community Rates) - Total						FY2012 Premium				
Amerigroup Bexar	562.84	2,790.57	265.80	1,673.44	504.19	23,280,600	4,078,026	16,534,146	12,970,336	56,863,108
Molina Bexar	562.84	2,790.57	265.80	1,673.44	515.51	19,374,109	4,668,963	18,423,661	17,158,515	59,625,249
Superior Bexar	562.84	2,790.57	265.80	1,673.44	614.72	99,658,552	35,862,415	34,015,556	40,901,038	210,437,561
Contig Counties Bexar	562.84	2,790.57	265.80	1,673.44	503.10	1,153,969	135,459	455,634	247,750	1,992,813
Amerigroup Harris	636.11	3,243.86	236.95	1,469.55	506.85	158,699,730	16,721,320	50,659,258	17,317,319	243,397,628
Evercare Harris	636.11	3,243.86	236.95	1,469.55	593.12	135,274,029	59,771,579	60,601,517	55,511,561	311,158,687
Molina Harris	636.11	3,243.86	236.95	1,469.55	540.30	42,677,368	7,287,481	12,394,602	5,323,829	67,683,279
Contig Counties Harris	636.11	3,243.86	236.95	1,469.55	487.24	7,775,795	938,809	3,748,768	2,007,979	14,471,351
Evercare Nueces	751.83	2,880.00	385.79	1,573.35	745.52	28,044,301	8,559,799	18,229,599	19,801,257	74,634,956
Superior Nueces	751.83	2,880.00	385.79	1,573.35	794.79	42,067,560	13,944,617	19,579,300	26,402,795	101,994,271
Contig Counties Nueces	751.83	2,880.00	385.79	1,573.35	586.12	4,546,895	412,374	4,460,935	1,571,235	10,991,439
Amerigroup Travis	595.85	3,272.12	179.87	1,710.22	508.96	38,680,819	6,529,831	10,329,138	11,024,542	66,564,331
Evercare Travis	595.85	3,272.12	179.87	1,710.22	535.52	19,865,123	6,599,686	7,768,884	11,400,348	45,634,040
Contig Counties Travis	595.85	3,272.12	179.87	1,710.22	411.98	953,225	123,935	603,314	495,433	2,175,908
Total - All Plans	624.86	3,058.31	254.64	1,576.44	575.40	622,052,076	165,634,294	257,804,313	222,133,937	1,267,624,620
FY2012 Premium Rate Change Relative to Current Rates										
Amerigroup Bexar	6.6%	-5.7%	-1.6%	0.0%	1.7%					
Molina Bexar	12.2%	4.4%	-1.6%	0.0%	3.5%					
Superior Bexar	-5.5%	-1.5%	-1.6%	0.0%	-3.2%					
Contig Counties Bexar	-0.9%	-1.6%	-1.6%	0.0%	-1.0%					
Amerigroup Harris	0.8%	-3.8%	4.0%	-1.2%	1.0%					
Evercare Harris	-8.9%	1.9%	4.0%	-1.2%	-3.3%					
Molina Harris	4.8%	-4.4%	4.0%	-1.2%	3.1%					
Contig Counties Harris	-1.0%	-0.2%	4.0%	-1.2%	0.3%					
Evercare Nueces	0.3%	8.0%	8.0%	-2.1%	2.3%					
Superior Nueces	-7.5%	-0.9%	8.0%	-2.1%	-2.6%					
Contig Counties Nueces	-3.4%	2.4%	8.0%	-2.1%	1.4%					
Amerigroup Travis	-5.2%	-14.2%	2.6%	-5.2%	-5.0%					
Evercare Travis	1.7%	-1.4%	2.6%	-5.2%	-0.4%					
Contig Counties Travis	-3.0%	-9.4%	2.6%	-5.2%	-2.4%					
Total - All Plans	-2.8%	-0.7%	2.9%	-1.4%	-1.2%					

FY2012 STAR+Plus Rating Summary

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
FY2012 Premium Rates pmpm (Community Rates with Risk Adjustment) - Acute Care						FY2012 Premium				
Amerigroup Bexar	372.80	1,400.93	0.00	0.00	154.88	15,420,144	2,047,256	0	0	17,467,400
Molina Bexar	360.87	1,265.13	0.00	0.00	125.70	12,421,989	2,116,715	0	0	14,538,704
Superior Bexar	428.66	1,273.15	0.00	0.00	269.51	75,901,163	16,361,625	0	0	92,262,788
Contig Counties Bexar	411.33	1,285.36	0.00	0.00	228.66	843,337	62,393	0	0	905,730
Amerigroup Harris	448.59	1,969.30	0.00	0.00	254.19	111,916,571	10,151,254	0	0	122,067,826
Evercare Harris	509.68	1,684.75	0.00	0.00	265.77	108,386,114	31,043,337	0	0	139,429,452
Molina Harris	432.12	1,889.52	0.00	0.00	265.32	28,991,307	4,244,888	0	0	33,236,195
Contig Counties Harris	471.33	1,772.08	0.00	0.00	211.25	5,761,440	512,858	0	0	6,274,298
Evercare Nueces	469.12	1,345.30	0.00	0.00	214.73	17,498,869	3,998,442	0	0	21,497,310
Superior Nueces	534.03	1,424.19	0.00	0.00	286.58	29,880,882	6,895,758	0	0	36,776,641
Contig Counties Nueces	509.68	1,396.55	0.00	0.00	175.03	3,082,416	199,966	0	0	3,282,382
Amerigroup Travis	496.37	1,416.36	0.00	0.00	267.99	32,222,744	2,826,481	0	0	35,049,224
Evercare Travis	450.02	1,171.38	0.00	0.00	203.79	15,003,180	2,362,611	0	0	17,365,792
Contig Counties Travis	482.10	1,318.16	0.00	0.00	155.48	771,247	49,927	0	0	821,174
Total - All Plans	460.17	1,530.20	0.00	0.00	245.56	458,101,404	82,873,512	0	0	540,974,916
FY2012 Premium Rates pmpm (Community Rates with Risk Adjustment) - Long Term Care						FY2012 Premium				
Amerigroup Bexar	152.53	1,506.57	265.80	1,673.44	337.07	6,309,202	2,201,646	16,534,146	12,970,336	38,015,330
Molina Bexar	152.53	1,506.57	265.80	1,673.44	374.82	5,250,516	2,520,681	18,423,661	17,158,515	43,353,374
Superior Bexar	152.53	1,506.57	265.80	1,673.44	354.29	27,008,147	19,361,414	34,015,556	40,901,038	121,286,155
Contig Counties Bexar	152.53	1,506.57	265.80	1,673.44	274.99	312,734	73,132	455,634	247,750	1,089,249
Amerigroup Harris	165.06	1,484.37	236.95	1,469.55	243.24	41,179,218	7,651,548	50,659,258	17,317,319	116,807,343
Evercare Harris	165.06	1,484.37	236.95	1,469.55	340.37	35,100,745	27,351,016	60,601,517	55,511,561	178,564,839
Molina Harris	165.06	1,484.37	236.95	1,469.55	256.46	11,073,873	3,334,695	12,394,602	5,323,829	32,126,999
Contig Counties Harris	165.06	1,484.37	236.95	1,469.55	276.22	2,017,654	429,592	3,748,768	2,007,979	8,203,993
Evercare Nueces	243.67	1,485.77	385.79	1,573.35	514.78	9,089,040	4,415,945	18,229,599	19,801,257	51,535,841
Superior Nueces	243.67	1,485.77	385.79	1,573.35	520.62	13,633,919	7,193,938	19,579,300	26,402,795	66,809,952
Contig Counties Nueces	243.67	1,485.77	385.79	1,573.35	411.59	1,473,630	212,741	4,460,935	1,571,235	7,718,540
Amerigroup Travis	115.19	1,978.67	179.87	1,710.22	250.64	7,477,527	3,948,624	10,329,138	11,024,542	32,779,832
Evercare Travis	115.19	1,978.67	179.87	1,710.22	316.85	3,840,198	3,990,865	7,768,884	11,400,348	27,000,295
Contig Counties Travis	115.19	1,978.67	179.87	1,710.22	257.11	184,271	74,944	603,314	495,433	1,357,963
Total - All Plans	164.69	1,528.12	254.64	1,576.44	329.84	163,950,672	82,760,782	257,804,313	222,133,937	726,649,704

FY2012 STAR+Plus Rating Summary

Health Plan	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total	Medicaid Only OCC	Medicaid Only CBA	Dual Eligible OCC	Dual Eligible CBA	Total
FY2012 Premium Rates pmpm (Community Rates with Risk Adjustment) - Total Rate						FY2012 Premium				
Amerigroup Bexar	525.34	2,907.50	265.80	1,673.44	491.95	21,729,346	4,248,902	16,534,146	12,970,336	55,482,730
Molina Bexar	513.41	2,771.70	265.80	1,673.44	500.52	17,672,505	4,637,397	18,423,661	17,158,515	57,892,078
Superior Bexar	581.20	2,779.73	265.80	1,673.44	623.81	102,909,310	35,723,039	34,015,556	40,901,038	213,548,943
Contig Counties Bexar	563.86	2,791.93	265.80	1,673.44	503.65	1,156,070	135,525	455,634	247,750	1,994,979
Amerigroup Harris	613.65	3,453.66	236.95	1,469.55	497.43	153,095,789	17,802,802	50,659,258	17,317,319	238,875,168
Evercare Harris	674.73	3,169.12	236.95	1,469.55	606.15	143,486,859	58,394,353	60,601,517	55,511,561	317,994,291
Molina Harris	597.18	3,373.88	236.95	1,469.55	521.78	40,065,180	7,579,583	12,394,602	5,323,829	65,363,194
Contig Counties Harris	636.38	3,256.44	236.95	1,469.55	487.47	7,779,094	942,450	3,748,768	2,007,979	14,478,291
Evercare Nueces	712.79	2,831.07	385.79	1,573.35	729.52	26,587,909	8,414,386	18,229,599	19,801,257	73,033,151
Superior Nueces	777.70	2,909.96	385.79	1,573.35	807.20	43,514,802	14,089,696	19,579,300	26,402,795	103,586,592
Contig Counties Nueces	753.34	2,882.32	385.79	1,573.35	586.63	4,556,045	412,708	4,460,935	1,571,235	11,000,923
Amerigroup Travis	611.55	3,395.03	179.87	1,710.22	518.63	39,700,270	6,775,105	10,329,138	11,024,542	67,829,056
Evercare Travis	565.20	3,150.05	179.87	1,710.22	520.64	18,843,378	6,353,477	7,768,884	11,400,348	44,366,087
Contig Counties Travis	597.28	3,296.83	179.87	1,710.22	412.59	955,519	124,871	603,314	495,433	2,179,137
Total - All Plans	624.86	3,058.31	254.64	1,576.44	575.40	622,052,076	165,634,294	257,804,313	222,133,937	1,267,624,620
FY2012 Premium Rate Change Relative to Current Rates										
Amerigroup Bexar	-0.5%	-1.8%	-1.6%	0.0%	-0.8%					
Molina Bexar	2.3%	3.7%	-1.6%	0.0%	0.5%					
Superior Bexar	-2.4%	-1.9%	-1.6%	0.0%	-1.7%					
Contig Counties Bexar	-0.7%	-1.5%	-1.6%	0.0%	-0.9%					
Amerigroup Harris	-2.7%	2.4%	4.0%	-1.2%	-0.9%					
Evercare Harris	-3.4%	-0.5%	4.0%	-1.2%	-1.2%					
Molina Harris	-1.6%	-0.5%	4.0%	-1.2%	-0.4%					
Contig Counties Harris	-0.9%	0.2%	4.0%	-1.2%	0.3%					
Evercare Nueces	-4.9%	6.2%	8.0%	-2.1%	0.1%					
Superior Nueces	-4.4%	0.2%	8.0%	-2.1%	-1.0%					
Contig Counties Nueces	-3.2%	2.5%	8.0%	-2.1%	1.4%					
Amerigroup Travis	-2.7%	-11.0%	2.6%	-5.2%	-3.2%					
Evercare Travis	-3.5%	-5.1%	2.6%	-5.2%	-3.2%					
Contig Counties Travis	-2.8%	-8.7%	2.6%	-5.2%	-2.3%					
Total - All Plans	-2.8%	-0.7%	2.9%	-1.4%	-1.2%					

Attachment 2

Individual HMO Experience Analysis

The following exhibits present a summary of the experience analysis performed for each health plan. The exhibits in this section use hypothetical experience data from a sample HMO. The actual analysis is based on experience data provided by each health plan. This data was checked for reasonableness by comparing to other data sources provided by HHSC, the EQRO and the HMO. Below is a brief description of each of the exhibits contained in this attachment.

Exhibit A. This exhibit shows monthly enrollment and earned premium by risk group for the period September 2007 through February 2011. 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 2007 through February 2011.

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 28, 2011, (iii) estimated proportion of that month's incurred claims paid through February 28, 2011 (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 FY2012 cost based on the HMO's actual experience. The top of the exhibit shows summary base period (FY2010) enrollment, premium and claims experience. Next are projected FY2012 enrollment and premium based on current (FY2011) rates. Trend assumptions for FY2011 and FY2012 are used to project the average base period claims cost to FY2012. Adjustment factors are used to recognize the cost impact of benefit and provider reimbursement changes. Combining these factors results in projected FY2012 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 ($0.105 pmpm) and risk margin (2.0% of premium).

At the bottom of Exhibit D is a summary of the projected FY2012 cost based on the above assumptions. Cost projections are presented separately for acute care and long term care services.

Sample HMO
Enrollment and Premium Experience
Number of Members

	Medicaid Only		Dual Eligible		Total
Month	OCC	CBA	OCC	CBA	Members
Sep-07	2,856	56	5,233	390	8,535
Oct-07	2,830	53	5,196	390	8,469
Nov-07	2,867	54	5,164	386	8,471
Dec-07	2,848	54	5,050	377	8,329
Jan-08	2,896	53	5,077	385	8,411
Feb-08	2,895	52	5,096	383	8,426
Mar-08	2,869	51	5,083	389	8,392
Apr-08	2,878	52	5,053	401	8,384
May-08	2,876	58	5,029	399	8,362
Jun-08	2,894	62	5,026	412	8,394
Jul-08	2,951	60	5,048	441	8,500
Aug-08	2,949	68	5,043	472	8,532
Sep-08	2,948	74	5,049	498	8,569
Oct-08	2,978	73	5,048	499	8,598
Nov-08	2,999	77	5,044	505	8,625
Dec-08	3,057	78	4,969	506	8,610
Jan-09	3,128	80	5,022	510	8,740
Feb-09	3,150	78	5,074	505	8,807
Mar-09	3,136	80	5,064	506	8,786
Apr-09	3,147	90	5,070	518	8,825
May-09	3,175	91	5,068	517	8,851
Jun-09	3,223	103	5,096	513	8,935
Jul-09	3,246	112	5,149	503	9,010
Aug-09	3,267	115	5,145	495	9,022
Sep-09	3,283	116	5,173	495	9,067
Oct-09	3,281	114	5,162	507	9,064
Nov-09	3,291	115	5,163	516	9,085
Dec-09	3,261	112	5,084	525	8,982
Jan-10	3,255	119	5,129	531	9,034
Feb-10	3,267	117	5,118	540	9,042
Mar-10	3,241	118	5,128	541	9,028
Apr-10	3,227	108	5,125	553	9,013
May-10	3,242	107	5,140	558	9,047
Jun-10	3,257	106	5,139	564	9,066
Jul-10	3,272	112	5,102	582	9,068
Aug-10	3,263	115	5,105	589	9,072
FY2008	34,609	673	61,098	4,825	101,205
FY2009	37,454	1,051	60,798	6,075	105,378
FY2010	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
Feb-07	1,321,528	175,764	1,414,846	753,273	3,665,412
Mar-07	1,309,498	166,348	1,404,843	753,273	3,633,961
Apr-07	1,326,618	169,487	1,396,191	745,547	3,637,843
May-07	1,317,827	169,487	1,365,369	728,164	3,580,846
Jun-07	1,340,037	166,348	1,372,668	743,616	3,622,669
Jul-07	1,339,574	163,209	1,377,806	739,753	3,620,342
Aug-07	1,327,544	160,071	1,374,291	751,342	3,613,247
Sep-07	1,331,708	163,209	1,366,180	774,519	3,635,617
Oct-07	1,330,783	182,041	1,359,691	770,657	3,643,171
Nov-07	1,339,112	194,596	1,358,880	795,766	3,688,353
Dec-07	1,365,487	188,318	1,364,828	851,778	3,770,411
Jan-08	1,364,561	213,428	1,363,476	911,654	3,853,119
Feb-08	1,552,151	203,386	1,450,376	918,810	4,124,723
Mar-08	1,567,947	200,638	1,450,088	920,655	4,139,328
Apr-08	1,579,003	211,631	1,448,939	931,725	4,171,299
May-08	1,609,541	214,380	1,427,395	933,570	4,184,886
Jun-08	1,646,923	219,877	1,442,620	940,950	4,250,370
Jul-08	1,658,507	214,380	1,457,557	931,725	4,262,169
Aug-08	1,608,956	213,181	1,377,611	895,686	4,095,433
Sep-08	1,614,600	239,828	1,379,243	916,927	4,150,598
Oct-08	1,628,966	242,493	1,378,699	915,157	4,165,315
Nov-08	1,653,592	274,470	1,386,316	908,077	4,222,455
Dec-08	1,665,393	298,453	1,400,734	890,375	4,254,955
Jan-09	1,676,167	306,447	1,399,646	876,214	4,258,475
Feb-09	1,788,119	322,256	1,443,991	893,178	4,447,544
Mar-09	1,787,029	316,700	1,440,921	914,831	4,459,481
Apr-09	1,792,476	319,478	1,441,200	931,070	4,484,224
May-09	1,776,136	311,144	1,419,148	947,310	4,453,738
Jun-09	1,772,868	330,590	1,431,709	958,136	4,493,304
Jul-09	1,779,404	325,034	1,428,639	974,376	4,507,453
Aug-09	1,765,243	327,812	1,431,430	976,180	4,500,666
Sep-09	1,757,618	300,032	1,430,593	997,833	4,486,075
Oct-09	1,765,788	297,253	1,434,780	1,006,855	4,504,676
Nov-09	1,773,958	294,475	1,434,500	1,017,682	4,520,615
Dec-09	1,782,128	311,144	1,424,172	1,050,161	4,567,604
Jan-10	1,777,226	319,478	1,425,010	1,062,792	4,584,505
FY2008	16,014,276	2,112,305	16,519,066	9,319,343	43,964,990
FY2009	19,461,746	2,839,165	16,999,223	10,979,872	50,280,006
FY2010	21,317,992	3,775,397	17,186,092	11,730,404	54,009,885

Sample HMO
Claims Lag Report

Month Incurred	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08
Acute Care - Medicaid Only OCC															
Sep-07	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-07		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-07			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-07				138,527	320,521	58,981	57,436	22,964	4,972	1,501	4,221	9,919	532	12,107	-
Jan-08					179,425	292,976	142,276	29,170	19,954	8,315	12,428	27,927	5,130	6,872	12,469
Feb-08						131,444	258,891	68,074	35,777	9,491	10,494	22,925	4,302	11,188	13,800
Mar-08							169,830	249,579	76,904	28,079	13,754	24,488	3,328	7,289	6,989
Apr-08								205,886	297,362	49,438	25,271	37,957	14,748	9,174	5,721
May-08									188,418	172,555	90,727	63,078	19,847	33,913	4,752
Jun-08										145,665	282,178	81,337	38,493	47,316	10,138
Jul-08											171,387	315,369	63,099	46,756	23,711
Aug-08												191,389	266,551	115,807	56,054
Sep-08													170,541	313,113	79,315
Oct-08														202,875	319,652
Nov-08															176,801
Dec-08															
Jan-09															
Feb-09															
Mar-09															
Apr-09															

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-07	2,856	672,630	1.000	672,630	235.51	
Oct-07	2,830	762,811	1.000	762,811	269.54	
Nov-07	2,867	654,582	1.000	654,582	228.32	
Dec-07	2,848	662,958	1.000	662,958	232.78	
Jan-08	2,896	767,859	1.000	767,859	265.14	
Feb-08	2,895	616,020	1.000	616,020	212.79	
Mar-08	2,869	645,519	1.000	645,519	225.00	
Apr-08	2,878	727,755	1.000	727,755	252.87	
May-08	2,876	635,361	1.000	635,361	220.92	
Jun-08	2,894	671,250	1.000	671,250	231.95	
Jul-08	2,951	741,522	1.000	741,522	251.28	
Aug-08	2,949	729,796	1.000	729,796	247.47	
Sep-08	2,948	713,691	1.000	713,691	242.09	1.028
Oct-08	2,978	760,890	1.000	760,890	255.50	0.948
Nov-08	2,999	636,070	1.000	636,070	212.09	0.929
Dec-08	3,057	818,519	1.000	818,519	267.75	1.150
Jan-09	3,128	846,454	1.000	846,454	270.61	1.021
Feb-09	3,150	810,151	1.000	810,151	257.19	1.209
Mar-09	3,136	866,241	1.000	866,241	276.22	1.228
Apr-09	3,147	913,333	1.000	913,333	290.22	1.148
May-09	3,175	928,775	1.000	928,775	292.53	1.324
Jun-09	3,223	915,000	1.000	915,000	283.90	1.224
Jul-09	3,246	955,161	0.998	957,075	294.85	1.173
Aug-09	3,267	919,889	0.998	921,733	282.13	1.140
Sep-09	3,283	855,559	0.996	858,995	261.65	1.081
Oct-09	3,281	940,587	0.994	946,264	288.41	1.129
Nov-09	3,291	807,120	0.992	813,629	247.23	1.166
Dec-09	3,261	772,137	0.993	777,580	238.45	0.891
Jan-10	3,255	860,175	0.992	867,112	266.39	0.984
Feb-10	3,267	792,443	0.992	798,834	244.52	0.951
Mar-10	3,241	921,076	0.992	928,504	286.49	1.037
Apr-10	3,227	827,036	0.991	834,547	258.61	0.891
May-10	3,242	880,261	0.989	890,051	274.54	0.939
Jun-10	3,257	907,969	0.988	918,997	282.16	0.994
Jul-10	3,272	937,017	0.986	950,322	290.44	0.985
Aug-10	3,263	1,009,932	0.985	1,025,312	314.22	1.114
FY2008	34,609	8,288,063		8,288,063	239.48	
FY2009	37,454	10,084,175		10,087,932	269.34	1.125
FY2010	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
FY2010 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 FY2010 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
Attendant Care Enhanced Payment	0	0.00	0	0.00
Nursing Facility Recoupment	0	0.00	0	0.00
Total	14,345,289	366.51	3,585,992	2,638.70
Projected FY2012 Member Months	41,363		1,461	
Projected FY2012 Premium				
At Current Rates	21,843,299	528.09	4,326,732	2,960.76
Annual Cost Trend Assumptions				
Acute Care				
FY2011	4.8 %		8.1 %	
FY2012	6.6 %		9.3 %	
Long Term Care				
FY2011	9.2 %		2.5 %	
FY2012	8.2 %		0.0 %	
Provider Reimbursement Adjustment				
Acute Care		0.9426		0.9312
Long Term Care		1.0000		0.9700
Inpatient Reimbursement Adjustment		0.9933		0.9992
Out of Network Adjustment		0.9987		0.9987
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	4,343	0.11	153	0.11
Investment Income Adjustment		1.0000		1.0000
Projected Total Cost				
Acute Care	13,413,210	324.28	1,489,128	1,019.00
LTC	5,642,474	136.41	2,923,311	2,000.41
Total	19,055,684	460.70	4,412,439	3,019.41

Attachment 3

Community Experience Analysis

The following exhibits present a summary of the experience analysis performed for each managed care service area. HHSC utilizes an adjusted community rating methodology in setting the STAR+PLUS premium rates. The base community rates by risk group vary by service area but are the same for each HMO in a service area. The community rates are developed by a weighted average of the projected FY2012 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2012 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 FY2012 STAR+PLUS HMO community rates for the following service areas:

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

These exhibits show projected FY2012 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 (FY2010) experience and projected FY2012 enrollment, premium and incurred claims experience.

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

A provision for administrative expenses is included in the amount of $12.50 pmpm and 5.75% of gross premium. Additional provisions are also included for premium tax (1.75% of premium), maintenance tax ($0.105 pmpm) and risk margin (2.0% of premium).

The bottom of the exhibit shows a summary of the projected FY2012 cost based on these assumptions. Cost projections are presented separately for acute care and long term care services.

FY2012 STAR+Plus Rating Summary
Bexar SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2010 Experience Period										
Member Months	237,166		13,103		248,997		37,508		536,773	
Premium Revenue	132,655,854	559.34	36,997,167	2,823.66	69,504,964	279.14	67,678,587	1,804.40	306,836,573	571.63
Adjusted Premium	135,688,647	572.13	37,109,542	2,832.24	67,259,013	270.12	62,743,721	1,672.83	302,800,923	564.11
Estimated FY2010 Incurred Claims										
Acute Care	81,348,104	343.00	13,721,720	1,047.26	0	0.00	0	0.00	95,069,825	177.11
Long Term Care	24,931,032	105.12	17,680,131	1,349.37	51,784,839	207.97	58,232,663	1,552.56	152,628,665	284.34
Attendant Care Enhanced Payment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Nursing Facility Recoupment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	106,279,137	448.12	31,401,851	2,396.62	51,784,839	207.97	58,232,663	1,552.56	247,698,490	461.46
Projected FY2012 Member Months	254,899		16,034		261,209		42,593		574,736	
Projected FY2012 Premium										
At Current Rates	145,736,053	571.74	45,360,288	2,828.95	70,557,765	270.12	71,251,562	1,672.83	332,905,668	579.23
Annual Cost Trend Assumptions										
Acute Care										
FY2011	4.8 %		8.1 %		4.8 %		8.1 %			
FY2012	6.6 %		9.3 %		6.6 %		9.3 %			
Long Term Care										
FY2011	9.2 %		2.5 %		2.2 %		-1.5 %			
FY2012	8.2 %		0.0 %		3.0 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care		0.9426		0.9312		1.0000		1.0000		
Long Term Care		1.0000		0.9700		1.0000		0.9700		
Inpatient Reimbursement Adjustment		0.9933		0.9992		1.0000		1.0000		
Out of Network Adjustment		0.9987		0.9987		1.0000		1.0000		
Projected Incurred Claims										
Acute Care	91,332,485	358.31	18,436,521	1,149.82	0	0.00	0	0.00	109,769,006	190.99
LTC	31,659,685	124.20	21,511,723	1,341.61	57,185,389	218.93	63,182,780	1,483.39	173,539,577	301.95
Total	122,992,170	482.51	39,948,244	2,491.42	57,185,389	218.93	63,182,780	1,483.39	283,308,583	492.94

FY2012 STAR+Plus Rating Summary
Bexar SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Capitation Expenses	932,478	3.66	102,332	6.38	74,166	0.28	124,887	2.93	1,233,863	2.15
Service Coordination and Other Expenses	2,700,189	10.59	241,412	15.06	2,281,148	8.73	661,706	15.54	5,884,456	10.24
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	3,186,243	12.50	200,429	12.50	3,265,112	12.50	532,418	12.50	7,184,201	12.50
Percentage of Premium	8,249,366	5.75%	2,572,830	5.75%	3,992,167	5.75%	4,098,464	5.75%	18,912,827	5.75%
Total	11,435,608		2,773,258		7,257,279		4,630,882			
Risk Margin	2,869,345	2.0%	894,897	2.0%	1,388,580	2.0%	1,425,553	2.0%	6,578,375	2.00%
Premium Tax	2,510,677	1.75%	783,035	1.75%	1,215,007	1.75%	1,247,359	1.75%	5,756,078	1.75%
Maintenance Tax	26,764	0.11	1,684	0.11	27,427	0.11	4,472	0.11	60,347	0.11
Investment Income Adjustment		1.0000		1.0000		1.0000		1.0000		1.0000
Projected Total Cost										
Acute Care	104,586,633	410.31	20,587,989	1,284.00	81,952	0.31	137,996	3.24	125,394,570	218.18
LTC	38,880,598	152.53	24,156,873	1,506.57	69,347,046	265.48	71,139,642	1,670.20	203,524,159	354.12
Total	143,467,231	562.84	44,744,863	2,790.57	69,428,997	265.80	71,277,639	1,673.44	328,918,730	572.30
Experience Rate Increase		-1.6 %		-1.4 %		-1.6 %		0.0 %		-2.3 %

FY2012 STAR+Plus Rating Summary
Harris SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2010 Experience Period										
Member Months	504,537		21,503		504,636		47,112		1,077,788	
Premium Revenue	303,359,969	601.26	68,891,528	3,203.78	111,549,726	221.05	72,869,118	1,546.72	556,670,341	516.49
Adjusted Premium	330,512,221	655.08	69,776,080	3,244.91	115,026,666	227.94	70,106,469	1,488.08	585,421,436	543.17
Estimated FY2010 Incurred Claims										
Acute Care	202,024,591	400.42	31,382,954	1,459.45	0	0.00	0	0.00	233,407,545	216.56
Long Term Care	56,756,501	112.49	27,850,034	1,295.16	88,847,625	176.06	62,333,991	1,323.10	235,788,151	218.77
Attendant Care Enhanced Payment	791,524	1.57	583,952	27.16	1,327,733	2.63	1,504,902	31.94	4,208,112	3.90
Nursing Facility Recoupment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	259,572,616	514.48	59,816,940	2,781.77	90,175,359	178.69	63,838,893	1,355.04	473,403,808	439.24
Projected FY2012 Member Months	541,454		26,117		537,687		54,548		1,159,806	
Projected FY2012 Premium										
At Current Rates	354,501,604	654.72	84,603,702	3,239.44	122,560,483	227.94	81,171,387	1,488.08	642,837,176	554.26
Annual Cost Trend Assumptions										
Acute Care										
FY2011	4.8 %		8.1 %		4.8 %		8.1 %			
FY2012	6.6 %		9.3 %		6.6 %		9.3 %			
Long Term Care										
FY2011	9.2 %		2.5 %		2.2 %		-1.5 %			
FY2012	8.2 %		0.0 %		3.0 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care		0.9176		0.9126		1.0000		1.0000		
Long Term Care		1.0000		0.9675		1.0000		0.9675		
Inpatient Reimbursement Adjustment		0.9955		0.9984		1.0000		1.0000		
Out of Network Adjustment		0.9978		0.9978		1.0000		1.0000		
Projected Incurred Claims										
Acute Care	220,764,664	407.73	40,943,411	1,567.71	0	0.00	0	0.00	261,708,075	225.65
LTC	72,970,781	134.77	34,247,461	1,311.32	101,141,160	188.10	70,439,689	1,291.34	278,799,091	240.38
Total	293,735,446	542.49	75,190,872	2,879.03	101,141,160	188.10	70,439,689	1,291.34	540,507,166	466.03

FY2012 STAR+Plus Rating Summary
Harris SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Capitation Expenses	4,930,968	9.11	464,196	17.77	742,378	1.38	73,628	1.35	6,211,170	5.36
Service Coordination and Other Expenses	6,214,918	11.48	686,596	26.29	6,639,663	12.35	1,344,532	24.65	14,885,709	12.83
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	6,768,180	12.50	326,460	12.50	6,721,093	12.50	681,847	12.50	14,497,579	12.50
Percentage of Premium	19,804,548	5.75%	4,871,353	5.75%	7,325,738	5.75%	4,609,240	5.75%	36,610,879	5.75%
Total	26,572,728		5,197,813		14,046,832		5,291,086			
Risk Margin	6,888,538	2.0%	1,694,384	2.0%	2,548,083	2.0%	1,603,214	2.0%	12,734,219	2.00%
Premium Tax	6,027,471	1.75%	1,482,586	1.75%	2,229,573	1.75%	1,402,812	1.75%	11,142,442	1.75%
Maintenance Tax	56,853	0.11	2,742	0.11	56,457	0.11	5,728	0.11	121,780	0.11
Investment Income Adjustment		1.0000		1.0000		1.0000		1.0000		1.0000
Projected Total Cost										
Acute Care	255,055,433	471.06	45,952,338	1,759.50	820,307	1.53	81,357	1.49	301,909,435	260.31
LTC	89,371,489	165.06	38,766,851	1,484.37	126,583,839	235.42	80,079,331	1,468.06	334,801,510	288.67
Total	344,426,922	636.11	84,719,188	3,243.86	127,404,145	236.95	80,160,688	1,469.55	636,710,944	548.98
Experience Rate Increase		-2.8 %		0.1 %		4.0 %		-1.2 %		-2.1 %

FY2012 STAR+Plus Rating Summary
Nueces SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2010 Experience Period										
Member Months	90,506		6,212		108,102		28,578		233,398	
Premium Revenue	68,846,076	760.68	19,893,627	3,202.62	44,144,671	408.36	50,836,421	1,778.86	183,720,795	787.16
Adjusted Premium	71,318,930	788.00	17,508,448	2,818.63	38,626,047	357.31	45,914,416	1,606.63	173,367,840	742.80
Estimated FY2010 Incurred Claims										
Acute Care	39,942,418	441.32	7,251,666	1,167.42	0	0.00	0	0.00	47,194,084	202.20
Long Term Care	15,260,963	168.62	8,045,164	1,295.17	32,362,192	299.37	40,524,432	1,418.02	96,192,751	412.14
Attendant Care Enhanced Payment	297,137	3.28	191,503	30.83	831,490	7.69	1,066,553	37.32	2,386,682	10.23
Nursing Facility Recoupment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	55,500,518	613.23	15,488,333	2,493.42	33,193,682	307.06	41,590,985	1,455.35	145,773,517	624.57
Projected FY2012 Member Months	99,303		7,957		109,567		30,365		247,193	
Projected FY2012 Premium										
At Current Rates	78,158,336	787.07	22,395,594	2,814.50	39,149,548	357.31	48,785,922	1,606.63	188,489,399	762.52
Annual Cost Trend Assumptions										
Acute Care										
FY2011	4.8 %		8.1 %		4.8 %		8.1 %			
FY2012	6.6 %		9.3 %		6.6 %		9.3 %			
Long Term Care										
FY2011	9.2 %		2.5 %		2.2 %		-1.5 %			
FY2012	8.2 %		0.0 %		3.0 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care		0.9104		0.9089		1.0000		1.0000		
Long Term Care		1.0000		0.9668		1.0000		0.9668		
Inpatient Reimbursement Adjustment		0.9954		0.9987		1.0000		1.0000		
Out of Network Adjustment		0.9990		0.9990		1.0000		1.0000		
Projected Incurred Claims										
Acute Care	44,323,277	446.35	9,952,975	1,250.81	0	0.00	0	0.00	54,276,252	219.57
LTC	20,169,267	203.11	10,455,977	1,314.02	35,415,227	323.23	42,084,050	1,385.92	108,124,521	437.41
Total	64,492,544	649.46	20,408,952	2,564.83	35,415,227	323.23	42,084,050	1,385.92	162,400,773	656.98

FY2012 STAR+Plus Rating Summary
Nueces SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Capitation Expenses	484,733	4.88	38,331	4.82	0	0.00	0	0.00	523,063	2.12
Service Coordination and Other Expenses	1,337,189	13.47	192,111	24.14	1,457,875	13.31	769,829	25.35	3,757,004	15.20
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	1,241,281	12.50	99,465	12.50	1,369,593	12.50	379,567	12.50	3,089,907	12.50
Percentage of Premium	4,292,878	5.75%	1,317,715	5.75%	2,430,515	5.75%	2,747,079	5.75%	10,788,188	5.75%
Total	5,534,160		1,417,181		3,800,109		3,126,646			
Risk Margin	1,493,175	2.0%	458,336	2.0%	845,397	2.0%	955,506	2.0%	3,752,413	2.00%
Premium Tax	1,306,528	1.75%	401,044	1.75%	739,722	1.75%	836,068	1.75%	3,283,362	1.75%
Maintenance Tax	10,427	0.11	836	0.11	11,505	0.11	3,188	0.11	25,955	0.11
Investment Income Adjustment		1.0000		1.0000		1.0000		1.0000		1.0000
Projected Total Cost										
Acute Care	50,462,167	508.17	11,094,166	1,394.23	0	0.00	0	0.00	61,556,333	249.02
LTC	24,196,589	243.67	11,822,624	1,485.77	42,269,834	385.79	47,775,286	1,573.35	126,064,333	509.98
Total	74,658,756	751.83	22,916,790	2,880.00	42,269,834	385.79	47,775,286	1,573.35	187,620,666	759.01
Experience Rate Increase		-4.5 %		2.3 %		8.0 %		-2.1 %		-1.6 %

FY2012 STAR+Plus Rating Summary
Travis SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2010 Experience Period										
Member Months	90,493		3,120		98,174		13,179		204,967	
Premium Revenue	51,173,420	565.49	12,414,144	3,978.91	17,590,889	179.18	23,876,302	1,811.68	105,054,755	512.55
Adjusted Premium	55,656,522	615.04	11,251,688	3,606.33	17,218,808	175.39	23,773,769	1,803.90	107,900,786	526.43
Estimated FY2010 Incurred Claims										
Acute Care	36,286,100	400.98	3,356,780	1,075.90	0	0.00	0	0.00	39,642,880	193.41
Long Term Care	6,978,357	77.11	5,437,699	1,742.86	12,710,100	129.46	20,412,553	1,548.86	45,538,709	222.18
Attendant Care Enhanced Payment	95,493	1.06	132,730	42.54	324,330	3.30	629,712	47.78	1,182,264	5.77
Nursing Facility Recoupment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	43,359,950	479.15	8,927,209	2,861.30	13,034,431	132.77	21,042,265	1,596.64	86,363,854	421.36
Projected FY2012 Member Months	99,856		4,050		103,973		13,402		221,282	
Projected FY2012 Premium										
At Current Rates	61,305,807	613.94	14,442,295	3,565.64	18,235,904	175.39	24,175,799	1,803.90	118,159,804	533.98
Annual Cost Trend Assumptions										
Acute Care										
FY2011	4.8 %		8.1 %		4.8 %		8.1 %			
FY2012	6.6 %		9.3 %		6.6 %		9.3 %			
Long Term Care										
FY2011	9.2 %		2.5 %		2.2 %		-1.5 %			
FY2012	8.2 %		0.0 %		3.0 %		0.0 %			
Provider Reimbursement Adjustment										
Acute Care		0.9410		0.9138		1.0000		1.0000		
Long Term Care		1.0000		0.9640		1.0000		0.9640		
Inpatient Reimbursement Adjustment		0.9987		1.0000		1.0000		1.0000		
Out of Network Adjustment		0.9984		0.9984		1.0000		1.0000		
Projected Incurred Claims										
Acute Care	41,970,828	420.31	4,697,548	1,159.77	0	0.00	0	0.00	46,668,376	210.90
LTC	9,222,852	92.36	7,145,561	1,764.16	14,531,297	139.76	20,318,355	1,516.07	51,218,066	231.46
Total	51,193,680	512.67	11,843,109	2,923.93	14,531,297	139.76	20,318,355	1,516.07	97,886,442	442.36

FY2012 STAR+Plus Rating Summary
Travis SDA Total

	Medicaid Only - OCC		Medicaid Only - CBA		Dual Eligible - OCC		Dual Eligible - CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Capitation Expenses	434,683	4.35	23,513	5.81	0	0.00	0	0.00	458,196	2.07
Service Coordination and Other Expenses	959,694	9.61	76,697	18.94	1,082,827	10.41	255,606	19.07	2,374,823	10.73
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	1,248,204	12.50	50,630	12.50	1,299,668	12.50	167,525	12.50	2,766,026	12.50
Percentage of Premium	3,421,202	5.75%	762,074	5.75%	1,075,327	5.75%	1,317,919	5.75%	6,576,521	5.75%
Total	4,669,406		812,704		2,374,995		1,485,443			
Risk Margin	1,189,983	2.0%	265,069	2.0%	374,027	2.0%	458,406	2.0%	2,287,486	2.00%
Premium Tax	1,041,235	1.75%	231,935	1.75%	327,273	1.75%	401,106	1.75%	2,001,550	1.75%
Maintenance Tax	10,485	0.11	425	0.11	10,917	0.11	1,407	0.11	23,235	0.11
Investment Income Adjustment		1.0000		1.0000		1.0000		1.0000		1.0000
Projected Total Cost										
Acute Care	47,997,171	480.66	5,239,019	1,293.45	0	0.00	0	0.00	53,236,190	240.58
LTC	11,501,996	115.19	8,014,434	1,978.67	18,701,336	179.87	22,920,324	1,710.22	61,138,090	276.29
Total	59,499,167	595.85	13,253,452	3,272.12	18,701,336	179.87	22,920,324	1,710.22	114,374,280	516.87
Experience Rate Increase		-2.9 %		-8.2 %		2.6 %		-5.2 %		-4.3 %

Attachment 4

Trend Analysis

The FY2012 rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. Separate trend factors were developed by type of service – acute care and long term care services. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience under the various HMO plans. A single trend assumption applied to all service areas but varies by type of service, risk group and year.

The trend analysis included a review of HMO claims experience data through February 28, 2011. Based on this information, estimates of monthly incurred claims were made through December 2010. The claims cost and trend experience was reviewed separately by service area, type of service and risk group. The service area trends were then combined into a statewide average using a weighted average formula with estimated incurred claims as the weights.

FY2011 trend assumptions by risk group for acute care services were developed using the weighted average HMO trend for the period September 1, 2010 through December 31, 2010. The FY2011 trend was adjusted to remove the impact of the 1% provider rate reduction effective September 1, 2010. The FY2012 acute care trend assumptions were developed based on an average of the HMO trends for the most recent three fiscal years (FY2009, FY2010 and FY2011).

The FY2011 trend assumptions by risk group for long term care services were developed using the weighted average HMO trend for the period September 1, 2010 through December 31, 2010. The FY2012 long term care trend assumptions were developed based on an average of the HMO experience trends for the most recent two years (FY2009, FY2010 and FY2011). For the purpose of determining the underlying FY2012 trend the FY2009 and FY2010 trends required adjustments to remove the large of the minimum wage increases that occurred during these time periods. No minimum wage adjustment is planned for FY2012 therefore the impact of these changes in prior periods has been removed in the selection of the FY2012 trend.

The attached exhibits present recent trend experience under the HMO plans (Exhibit A), the impact of minimum wage increases on the long term care trends (Exhibit B) and the trend assumptions used in the rating analysis (Exhibit C). The chart below presents the assumed annual trend rates for FY2011 and FY2012.

	FY2011	FY2012
Acute Care		
Medicaid Only - OCC	4.8%	6.6%
Medicaid Only - CBA	8.1%	9.3%
Dual Eligible - OCC	N/A	N/A
Dual Eligible - CBA	N/A	N/A
Long Term Care		
Medicaid Only - OCC	9.2%	8.2%
Medicaid Only - CBA	2.5 %	0.0%
Dual Eligible - OCC	2.2 %	3.0 %
Dual Eligible - CBA	-1.5 %	0.0 %

FY2012 STAR+Plus Rating
Analysis of HMO Cost Trend Factors

	Bexar	Harris	Nueces	Travis	STAR+ Total
Acute Care					
Medicaid Only OCC					
FY2009	1.073	1.101	1.147	1.164	1.104
FY2010	1.045	1.057	1.025	1.002	1.045
FY2011	1.069	1.053	1.005	1.015	1.048
Medicaid Only CBA					
FY2009	1.238	1.064	1.144	1.710	1.136
FY2010	1.009	1.085	1.121	0.967	1.063
FY2011	1.162	1.045	1.018	1.109	1.081
Long Term Care					
Medicaid Only OCC					
FY2009	1.088	1.169	1.051	1.173	1.129
FY2010	1.167	1.131	1.151	1.107	1.139
FY2011	1.217	1.051	1.121	0.971	1.092
Medicaid Only CBA					
FY2009	0.955	0.966	0.900	1.191	0.971
FY2010	0.964	0.981	0.986	0.960	0.973
FY2011	1.067	1.011	1.045	0.935	1.025
Dual Eligible OCC					
FY2009	1.083	1.151	0.998	1.050	1.090
FY2010	1.064	1.108	1.085	1.094	1.087
FY2011	1.072	1.007	1.046	0.909	1.022
Dual Eligible CBA					
FY2009	0.972	1.025	0.974	1.005	0.997
FY2010	1.035	1.034	1.012	1.004	1.024
FY2011	1.014	0.953	1.015	0.964	0.985

FY2012 STAR+Plus Rating
Analysis of Impact of Minnimum Wage Increases on Long Term Care Trend

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

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

FY2012 STAR+Plus Rating
Trend Assumptions for FY2012 Managed Care Rating

	FY2011	FY2012
Acute Care		
Medicaid Only OCC	4.8 %	6.6 %
Medicaid Only CBA	8.1 %	9.3 %
Dual Eligible OCC	N/A	N/A
Dual Eligible CBA	N/A	N/A
Long Term Care		
Medicaid Only OCC	9.2 %	8.2 %
Medicaid Only CBA	2.5 %	0.0 %
Dual Eligible OCC	2.2 %	3.0 %
Dual Eligible CBA	-1.5 %	0.0 %

Attachment 5

Provider Reimbursement and Benefit Revisions Effective During FY2011 and FY2012

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 (FY2010) and before the end of FY2012.

Medicaid provider reimbursement changes were provided for the following services: digestive system surgery, female genital surgery, hearing and vision screenings, the two one percent 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 and the transition of outpatient imaging services to a fee schedule.

The legislative mandated provider rate reductions included the following:

- 8% hospital rate reduction
- 10.5% laboratory rate reduction (excludes DSHS and physician lab)
- 10.5% durable medical equipment reduction. Achieve via targeted rate reductions that vary by service
- 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, Medicaid implemented various fee schedule changes for Digestive System Surgery and Female Genital Surgery and reduced provider reimbursement by 1% across most acute care services. The attached Exhibit A presents the estimated cost impact of these changes.

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

Effective September 1, 2011, HHSC is implementing legislative mandated provider rate reductions described above. Attached Exhibit C presents a summary of the derivation of the rating adjustment factors for services other than inpatient facility. Attached Exhibit D presents a summary of the derivation of the adjustment factors for reductions to inpatient facility reimbursement and DRG rebasing. The final Standard Dollar Amounts are not expected to be made available to the MCOs until around August 1, 2011. As a result, we have assumed, for purposes of these rate calculations, that the revised reimbursement level will not be incorporated into MCO provider contracts until November 1, 2011.

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

Effective September 1, 2011, HHSC requires STAR+PLUS MCOs to pay Federally Qualified Health Centers (FQHCs) the full encounter rate. Attached Exhibit F presents a summary of the

derivation of the rating adjustment factors.

FY2012 STAR+PLUS Rating
Provider Reimbursement Adjustments
Medicaid Fee Schedule Changes (1)

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Cost Impact of Fee Schedule Changes (2)						
Bexar	-125,204	-9,813	0	0	0	-135,016
Harris	-890,709	-60,632	0	0	0	-951,341
Nueces	-92,964	-7,861	0	0	0	-100,825
Travis	-67,955	-8,520	0	0	0	-76,475
Total	-1,176,832	-86,826	0	0	0	-1,263,657
FY2010 Total Acute Care Claims Paid (3)						
Bexar	73,291,646	12,888,376	0	0	0	86,180,022
Harris	198,243,661	29,848,526	0	0	0	228,092,186
Nueces	36,561,415	7,025,836	0	0	0	43,587,252
Travis	34,992,928	3,111,929	0	0	0	38,104,856
Total	343,089,649	52,874,666	0	0	0	395,964,316
Rate Adjustment Factor (4)						
Bexar	-0.17%	-0.08%	0.00%	0.00%	0.00%	-0.16%
Harris	-0.45%	-0.20%	0.00%	0.00%	0.00%	-0.42%
Nueces	-0.25%	-0.11%	0.00%	0.00%	0.00%	-0.23%
Travis	-0.19%	-0.27%	0.00%	0.00%	0.00%	-0.20%
Total	-0.34%	-0.16%	0.00%	0.00%	0.00%	-0.32%

Footnotes
(1) Digestive System Surgery, Female Genital Surgery and some Medicine codes were changed 9/1/2010
(2) Equals estimated impact of revised fee schedule on FY2010 encounter data.
(3) Equals FY2010 health plan fee-for-service claims for all acute care services (from Encounter database).
(4) Equals Cost Impact of Fee Schedule changes divided by FY2010 Total Acute Care Claims Paid.

FY2012 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	-1,416,565	-219,401	0	0	0	-1,635,967
Harris	-3,691,452	-594,342	0	0	0	-4,285,793
Nueces	-720,246	-140,888	0	0	0	-861,135
Travis	-685,497	-69,202	0	0	0	-754,699
Total	-6,513,760	-1,023,834	0	0	0	-7,537,594
FY2010 Total Acute Care Claims Paid (3)						
Bexar	73,291,646	12,888,376	0	0	0	86,180,022
Harris	198,243,661	29,848,526	0	0	0	228,092,186
Nueces	36,561,415	7,025,836	0	0	0	43,587,252
Travis	34,992,928	3,111,929	0	0	0	38,104,856
Total	343,089,649	52,874,666	0	0	0	395,964,316
Rate Adjustment Factor (4)						
Bexar	-1.93%	-1.70%	0.00%	0.00%	0.00%	-1.90%
Harris	-1.86%	-1.99%	0.00%	0.00%	0.00%	-1.88%
Nueces	-1.97%	-2.00%	0.00%	0.00%	0.00%	-1.98%
Travis	-1.96%	-2.00%	0.00%	0.00%	0.00%	-1.98%
Total	-1.90%	-1.94%	0.00%	0.00%	0.00%	-1.90%

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 FY2010 encounter data.
(3) Equals FY2010 health plan fee-for-service claims for all acute care services (from Encounter database).
(4) Equals Cost Impact of Reimbursement Reduction divided by FY2010 Total Acute Care Claims Paid.

FY2012 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	-3,041,723	-747,625	0	0	0	-3,789,347
Harris	-8,670,026	-1,733,896	0	0	0	-10,403,922
Nueces	-1,617,122	-441,953	0	0	0	-2,059,075
Travis	-1,761,556	-244,450	0	0	0	-2,006,007
Total	-15,090,427	-3,167,924	0	0	0	-18,258,351
FY2010 Total Acute Care Claims Paid (3)						
Bexar	73,291,646	12,888,376	0	0	0	86,180,022
Harris	198,243,661	29,848,526	0	0	0	228,092,186
Nueces	36,561,415	7,025,836	0	0	0	43,587,252
Travis	34,992,928	3,111,929	0	0	0	38,104,856
Total	343,089,649	52,874,666	0	0	0	395,964,316
Rate Adjustment Factor (4)						
Bexar	-4.15%	-5.80%	0.00%	0.00%	0.00%	-4.40%
Harris	-4.37%	-5.81%	0.00%	0.00%	0.00%	-4.56%
Nueces	-4.42%	-6.29%	0.00%	0.00%	0.00%	-4.72%
Travis	-5.03%	-7.86%	0.00%	0.00%	0.00%	-5.26%
Total	-4.40%	-5.99%	0.00%	0.00%	0.00%	-4.61%

Footnotes

(1) Effective 9/1/2011 various legislative mandated reimbursement reductions will be implemented. The fee reductions include 8% to OP hospital, 10.5% lab (excludes DSHS and physician lab), an overall average 10.5% to DME and 5% for all other providers excluding ambulance, PDN, home health (for children only), dental, ortho, physicians (includes psychiatrists, optometrists and radiologists), FQHCs, RHCs and TEFRA reimbursed hospitals.
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 FY2010 encounter data.

(3) Equals FY2010 health plan fee-for-service claims for all acute care services (from Encounter database).

(4) Equals Cost Impact of Reimbursement Reductions divided by FY2010 Total Acute Care Claims Paid.

FY2012 STAR+PLUS Rating
Facility Reimbursement Changes
Legislative Mandated Inpatient Facility Rate Reductions and DRG Rebasing (1)

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Impact of 8% Inpatient Facility Rate Reduction and DRG Rebasing (2)						
Bexar	-589,116	-11,971	0	0	0	-601,087
Harris	-1,072,756	-57,134	0	0	0	-1,129,890
Nueces	-199,767	-11,362	0	0	0	-211,130
Travis	-53,868	-99	0	0	0	-53,967
Total	-1,915,508	-80,566	0	0	0	-1,996,074
FY2010 Total Acute Care Claims Paid (3)						
Bexar	73,291,646	12,888,376	0	0	0	86,180,022
Harris	198,243,661	29,848,526	0	0	0	228,092,186
Nueces	36,561,415	7,025,836	0	0	0	43,587,252
Travis	34,992,928	3,111,929	0	0	0	38,104,856
Total	343,089,649	52,874,666	0	0	0	395,964,316
Rate Adjustment Factor (4)						
Bexar	-0.67%	-0.08%	0.00%	0.00%	0.00%	-0.58%
Harris	-0.45%	-0.16%	0.00%	0.00%	0.00%	-0.41%
Nueces	-0.46%	-0.13%	0.00%	0.00%	0.00%	-0.40%
Travis	-0.13%	0.00%	0.00%	0.00%	0.00%	-0.12%
Total	-0.47%	-0.13%	0.00%	0.00%	0.00%	-0.42%

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 FY2010 encounter data.

(3) Equals FY2010 health plan fee-for-service claims for all acute care services (from Encounter database).

(4) Equals Cost Impact of Reimbursement Reduction divided by FY2010 Total Acute Care Claims Paid. Assume two month delay in implementation.

FY2012 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	-695,936	-61,450	0	0	0	-757,385
Harris	-4,905,886	-421,433	0	0	0	-5,327,318
Nueces	-1,316,434	-123,639	0	0	0	-1,440,074
Travis	-619,663	-42,325	0	0	0	-661,988
Total	-7,537,919	-648,846	0	0	0	-8,186,765
FY2010 Total Acute Care Claims Paid (3)						
Bexar	73,291,646	12,888,376	0	0	0	86,180,022
Harris	198,243,661	29,848,526	0	0	0	228,092,186
Nueces	36,561,415	7,025,836	0	0	0	43,587,252
Travis	34,992,928	3,111,929	0	0	0	38,104,856
Total	343,089,649	52,874,666	0	0	0	395,964,316
Rate Adjustment Factor (4)						
Bexar	-0.95%	-0.48%	0.00%	0.00%	0.00%	-0.88%
Harris	-2.47%	-1.41%	0.00%	0.00%	0.00%	-2.34%
Nueces	-3.60%	-1.76%	0.00%	0.00%	0.00%	-3.30%
Travis	-1.77%	-1.36%	0.00%	0.00%	0.00%	-1.74%
Total	-2.20%	-1.23%	0.00%	0.00%	0.00%	-2.07%

Footnotes
(1) Effective 9/1/2011 outpatient imaging services will be transitioned to a fee schedule
(2) Equals estimated impact fee schedule to FY2010 encounter data.
(3) Equals FY2010 health plan fee-for-service claims for all acute care services (from Encounter database).
(4) Equals Cost Impact of Reimbursement Reduction divided by FY2010 Total Acute Care Claims Paid.

Federally Qualified Health Centers Wrap Payment Adjustment (1)

	Total Cost	HMO Payments	HHSC Wrap Payments	FY2010 STAR Total Inc Claims (2)	Wrap Amt / Inc Claims
Bexar	1,425,274	549,483	875,791	87,274,353	1.00 %
Harris	1,328,055	445,125	882,930	233,226,497	0.38 %
Nueces	512,945	170,578	342,367	46,060,140	0.74 %
Travis	1,738,077	679,664	1,058,412	38,665,737	2.74 %
Total	5,004,351	1,844,851	3,159,500	405,226,728	0.78 %

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 28, 2011. Includes expansion counties.

Attachment 6

Substance Abuse Benefit for Adults Adjustment

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

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

FY2012 STAR+PLUS Rating
Provider Reimbursement Adjustments
Substance Abuse Benefit for Adults (1)

Attachment 6

	Medicaid Only		Dual Eligible			
	OCC	CBA	OCC	CBA	Other	Grand Total
Cost Impact of Substance Abuse Benefit (2)						
Bexar	301,110	16,713	0	0	0	317,823
Harris	631,739	27,191	0	0	0	658,930
Nueces	108,728	7,782	0	0	0	116,511
Travis	114,048	3,951	0	0	0	117,999
Total	1,155,625	55,638	0	0	0	1,211,263
FY2010 Total Acute Care Claims Paid (3)						
Bexar	73,291,646	12,888,376	0	0	0	86,180,022
Harris	198,243,661	29,848,526	0	0	0	228,092,186
Nueces	36,561,415	7,025,836	0	0	0	43,587,252
Travis	34,992,928	3,111,929	0	0	0	38,104,856
Total	343,089,649	52,874,666	0	0	0	395,964,316
Rate Adjustment Factor (4)						
Bexar	0.41%	0.13%	0.00%	0.00%	0.00%	0.37%
Harris	0.32%	0.09%	0.00%	0.00%	0.00%	0.29%
Nueces	0.30%	0.11%	0.00%	0.00%	0.00%	0.27%
Travis	0.33%	0.13%	0.00%	0.00%	0.00%	0.31%
Total	0.34%	0.11%	0.00%	0.00%	0.00%	0.31%

Footnotes
(1) Effective 9/1/2010 Medicaid Adults no longer subject to maximum outpatient therapy visits
(2) Equals estimated impact of increased outpatient expenditures
(3) Equals FY2010 health plan fee-for-service claims for all acute care services (from Encounter database).
(4) Equals Cost Impact of Reimbursement Reduction divided by FY2010 Total Acute Care Claims Paid.

Attachment 7

Personal Assistance Services Adjustment

Effective September 1, 2011 Medicaid reduced reimbursement paid for personal assistance services (PAS) rendered to CBA clients by $0.51 per unit of service. PAS are a commonly provided long term care benefit under the STAR+PLUS program

The attached exhibit presents the estimated cost impact of this change.

FY2012 STAR+PLUS Rating
Provider Reimbursement Adjustments
Personal Assistance Services (1)

	OCC	CBA	Grand Total
FY2010 Personal Assistance Services (2)			
Bexar	58,722,286	58,272,565	116,994,851
Harris	121,878,582	74,144,188	196,022,771
Nueces	34,805,422	39,198,021	74,003,443
Travis	17,966,299	23,842,208	41,808,507
Total	233,372,589	195,456,983	428,829,572
Estimated PAS Reduction (3)	0.00%	-3.90%	
Cost Impact of PAS Reduction			
Bexar	0	-2,272,630	-2,272,630
Harris	0	-2,891,623	-2,891,623
Nueces	0	-1,528,723	-1,528,723
Travis	0	-929,846	-929,846
Total	0	-7,622,822	-7,622,822
FY2010 Total Long Term Care Claims Paid (4)			
Bexar	76,367,480	75,794,115	152,161,595
Harris	141,916,179	88,956,575	230,872,753
Nueces	40,886,232	46,037,983	86,924,215
Travis	19,394,999	25,800,319	45,195,318
Total	278,564,889	236,588,992	515,153,882
Rate Adjustment Factor (5)			
Bexar	0.00%	-3.00%	-1.49%
Harris	0.00%	-3.25%	-1.25%
Nueces	0.00%	-3.32%	-1.76%
Travis	0.00%	-3.60%	-2.06%
Total	0.00%	-3.22%	-1.48%

Footnotes
(1) Effective 9/1/2010 Personal Assistance services for CBA clients were reduced by $0.51 per unit.
(2) Equals FY2010 PAS payments (from FY2010 FSR data)
(3) Equals $0.51 reduction of current PAS rate of $11.66. Assumed to be applicable to 90% of PAS services
(4) Equals FY2010 health plan fee-for-service claims for all long term care services (from MCO reported data).
(5) Equals Cost Impact of $0..51 PAS reduction divided by FY2010 Total Long Term Care Claims Paid.

Attachment 8

Out-of-Network Reimbursement Adjustment

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

The attached exhibit presents the estimated cost impact from this revision. The exhibit shows FY2010 in-network and out-of-network claims experience as reported by the HMOs. Based on this information, the cost impact of the proposed program change was estimated.

FY2012 STAR+PLUS Rating
Analysis of Out-of-Network Reimbursement

	FY2010 Experience Cost (9/1/2009-2/28/2010)				Out-of-Net	Current			
Service Area	In-Net Claims	Out-of-Net Claims	Out-of-Area Claims	Total Claims	as % of Total	Out-of-Net Reimb.	New Rule	Cost Impact (1)	Rate Adjust. (2)
Bexar	29,330,063	5,413,523	5,376,243	40,119,829	13.49%	M-3%	M-5%	-108,270	0.9987
Harris	73,050,112	24,622,251	12,962,872	110,635,236	22.26%	M-3%	M-5%	-492,445	0.9978
Nueces	13,606,550	2,409,432	7,574,337	23,590,319	10.21%	M-3%	M-5%	-48,189	0.9990
Travis	13,731,077	3,200,389	2,348,726	19,280,192	16.60%	M-3%	M-5%	-64,008	0.9984
Total - STAR+PLUS	129,717,802	35,645,595	28,262,178	193,625,575	18.41%			-712,912	0.9982

Footnotes:
(1) Cost impact of reducing OON discount from 3% to 5%
(2) OON change effective March 1, 2010.

Attachment 9

Acuity Risk Adjustment

The rate setting methodology incorporates a risk adjustment technique that is designed to adjust the base community rate in each service area to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective memberships. The risk analysis was performed by the University of Florida's Institute for Child Health Policy (ICHP). The methodology used to incorporate the risk adjustment is the Chronic Illness and Disability Payment System (CDPS). The attached exhibits (provided by ICHP) present a summary of the risk adjustment analysis. There is a separate exhibit for each risk group.

The column titled Case Mix on the chart is the risk adjustment factor. It is the ratio of the predicted average cost of the individual health plan's membership divided by the predicted average cost of the entire service area's membership. The risk adjustment factor is applied to the acute care portion of the community rate for each health plan and risk group. If necessary, an additional adjustment was made to the risk adjusted community rates to ensure that, in total, they produce the same premium as the community rates.

For FY2012, 100% of the risk adjustment factors were recognized.

Attachment 9

TEXAS STAR+PLUS CDPS SA/Health Plan Risk
Reporting Period: September 1, 2009 to August 31, 2010

	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	75,341	100.00	494.17	494.17	1.00	1.00
BEXAR	19,611	100.00	437.61	487.89	1.00	0.90
AMERIGROUP	3,145	16.04	354.35	442.19	0.91	0.80
Molina	2,483	12.66	408.86	428.04	0.88	0.96
Superior	13,983	71.30	461.05	508.45	1.04	0.91
HARRIS	41,210	100.00	508.65	494.06	1.00	1.03
AMERIGROUP	19,590	47.54	449.25	470.24	0.95	0.96
Evercare	16,661	40.43	580.82	534.26	1.08	1.09
Molina	4,959	12.03	501.78	452.97	0.92	1.11
NUECES	7,076	100.00	597.42	542.12	1.00	1.10
Evercare	2,690	38.02	552.38	498.98	0.92	1.11
Superior	4,386	61.98	624.47	568.02	1.05	1.10
TRAVIS	7,444	100.00	465.08	465.18	1.00	1.00
AMERIGROUP	5,109	68.63	465.67	478.95	1.03	0.97
Evercare	2,335	31.37	463.76	434.22	0.93	1.07

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, 2009 to August 31, 2010

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	3,753	100.00	2,522.93	2,522.93	1.00	1.00
BEXAR	1,145	100.00	2,291.28	2,227.30	1.00	1.03
AMERIGROUP	117	10.22	2,172.94	2,427.56	1.09	0.90
Molina	107	9.34	2,108.65	2,192.25	0.98	0.96
Superior	921	80.44	2,327.22	2,206.15	0.99	1.05
HARRIS	1,828	100.00	2,666.13	2,678.82	1.00	1.00
AMERIGROUP	454	24.84	2,825.74	2,976.96	1.11	0.95
Evercare	1,227	67.12	2,547.88	2,546.82	0.95	1.00
Molina	147	8.04	3,166.45	2,856.36	1.07	1.11
NUECES	520	100.00	2,422.05	2,527.21	1.00	0.96
Evercare	182	35.00	2,263.27	2,434.46	0.96	0.93
Superior	338	65.00	2,507.67	2,577.22	1.02	0.97
TRAVIS	260	100.00	2,739.00	2,724.11	1.00	1.01
AMERIGROUP	153	58.85	2,997.00	2,927.06	1.07	1.02
Evercare	107	41.15	2,353.41	2,420.78	0.89	0.97

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 10

Managed Care Discount Factor

Effective September 1, 2011, HHSC will implement service area expansions for all existing STAR+PLUS areas. This will result 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 FY2010 PCCM and FFS claims experience in deriving the FY2012 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 inpatient and 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 inpatient and 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