

**STATE OF TEXAS
MEDICAID MANAGED CARE
RATE SETTING
PHARMACY CARVE-IN
STATE FISCAL YEAR 2016**

Prepared for:

Texas Health and Human Services Commission

STAR: UMCC 529-12-0002 V2.16

STAR+PLUS: UMCC 529-12-0002 V2.16

STAR+PLUS MRSA Expansion: UMCC 529-13-0042 V1.6

STAR+PLUS IDD Expansion: UMCC 529-10-0020 V1.21

STAR+PLUS Nursing Facility Expansion: UMCC 529-10-0020 V1.21

STAR Health: UMCC 529-15-0001 V2.1

CHIP: UMCC 529-12-0002 V2.16

CHIP RSA: UMCC 529-08-0001 V1.18

Prepared by:

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

Rudd and Wisdom, Inc.

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I. Introduction

Rudd and Wisdom, Inc. has been retained by HHSC to develop the portion of the managed care capitation rates attributable to pharmacy services for the period fiscal year 2016 (FY2016, September 1, 2015 through August 31, 2016) for those managed care organizations (MCOs) participating in the Texas Medicaid and CHIP programs. This report presents the rating methodology and assumptions used in developing the pharmacy capitation rates.

Rudd and Wisdom, Inc. has provided actuarial services to the Texas Medicaid program for over 30 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 capitation rates documented in this report.

Rudd and Wisdom, Inc. has relied on the following data sources as provided by HHSC, its subcontractors, participating MCOs and their Pharmacy Benefit Managers (PBMs):

- Monthly detailed enrollment files for the period March 2012 through February 2015. These files (provided by HHSC) include identification information, health plan code, risk group, ZIP Code and date of birth for all Medicaid and CHIP members.
- Projected monthly enrollment by program, service area, health plan and risk group for FY2016. These projections were prepared by HHSC System Forecasting staff.
- Financial Statistical Reports (FSR) for each participating MCO for fiscal years ending August 31, 2013 and August 31, 2014 and the six month period ending February 28, 2015. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the MCO.
- Monthly Fee-for Service (FFS) pharmacy claim files for the period March 2012 through March 2015 provided by HHSC and its subcontractor. These files included detailed FFS claims information on all Medicaid and CHIP pharmacy claims paid during the applicable month.
- Monthly managed care pharmacy claim files for the period March 2012 through March 2015 provided by HHSC. These files included detailed managed care claims information on all Medicaid and CHIP pharmacy claims paid during the applicable month.
- Summary pharmacy claim reports provided by HHSC and its subcontractor which included monthly paid claim amounts. These reports were used to confirm that all pharmacy claims and payments were included in our analysis.
- Information from HHSC regarding recent changes in covered prescription drug services and pharmacy reimbursement under the Vendor Drug Program (VDP).
- Information provided by VDP and its contractors regarding the anticipated impact on pharmacy utilization from recent changes to the Preferred Drug List (restrictions on grandfathering and inclusion of new drug classes) and a new Attention Deficit Hyperactivity Disorder (ADHD) clinical edit.

- Information provided by the MCOs regarding changes in reimbursement for drugs purchased under the 340B Drug Pricing Program.
- A report from the Department of Aging and Disability Services (DADS) listing all Intellectual and Developmental Disability (IDD) clients enrolled in the program during the period September 2012 through February 2015.
- Monthly enrollment listings for all Medicaid members residing in a nursing facility during the period September 2012 through December 2014. This enrollment data provided detailed information including dates of nursing facility residence, age, service delivery area, Medicare status and service codes.
- Pharmacy claim lag reports provided by the MCOs which include monthly paid claim amounts by incurred month by program, service area, health plan and risk group for the period March 2012 through February 2015.
- Pharmacy refund and expense information provided by the MCOs regarding items not included in the claims lag reports.
- FY2014 acuity risk adjustment analysis provided by the External Quality Review Organization (EQRO) for each participating health plan.
- Information from MCOs regarding administrative cost, pharmacy reimbursement and other provisions included in their PBM contracts.

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. There was satisfactory consistency between the three claims data sources. Although the above data was reviewed for reasonableness, Rudd and Wisdom did not audit the data.

In addition, to the reasonableness review performed by Rudd and Wisdom, HHSC employs the Institute for Child Health Policy (ICHP) as an EQRO. ICHP reviews the detail encounter data and provides a data quality certification. Below is an excerpt from their FY2014 data certification report:

Based on an administrative review, the EQRO considers the required data elements for [program] to be accurate and complete, meeting the following components of Texas Government Code § 533.0131 for data certification purposes:

1. The encounter data for the most recent measurement year are complete, accurate, and reliable.
2. No statistically significant variability in the encounter data is attributable to incompleteness, inaccuracy, or other deficiency as compared to equivalent data for similar populations and when evaluated against professionally accepted standards.

II. Overview of the Rate Setting Methodology

The actuarial model used to derive the FY2016 MCO pharmacy capitation rates relies primarily on managed care claims experience. The historical claims experience for each program, service area, health plan and risk group was analyzed and estimates for the base period (January 1, 2014 through December 31, 2014) were developed. These estimates were then projected forward to the rating period using assumed trend rates. Additional adjustments were made to the historical experience to reflect any programmatic changes in covered services, member cost sharing or pharmacy reimbursement. Administrative expenses, risk margin and premium tax were added to the claims component in order to project the total rating period cost under the MCOs. These projected total cost rates were then used to produce a set of community rates for each program and service area.

The Medicaid and CHIP managed care programs included in this analysis are as follows:

- STAR
- STAR+PLUS
- STAR+PLUS MRSA Expansion
- STAR+PLUS IDD Expansion
- STAR+PLUS Nursing Facility Expansion
- STAR Health
- CHIP
- CHIP Perinatal

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

- Bexar County Service Area– STAR, STAR+PLUS and CHIP
- Dallas County Service Area – STAR, STAR+PLUS and CHIP
- El Paso County Service Area – STAR, STAR+PLUS and CHIP
- Harris County Service Area – STAR, STAR+PLUS and CHIP
- Hidalgo County Service Area – STAR and STAR+PLUS
- Jefferson County Service Area – STAR, STAR+PLUS and CHIP
- Lubbock County Service Area – STAR, STAR+PLUS and CHIP
- Nueces County Service Area – STAR, STAR+PLUS and CHIP
- Tarrant County Service Area – STAR, STAR+PLUS and CHIP
- Travis County Service Area – STAR, STAR+PLUS and CHIP
- MRSA Central Service Area – STAR and STAR+PLUS
- MRSA Northeast Service Area – STAR and STAR+PLUS
- MRSA West Service Area – STAR and STAR+PLUS
- Rural Service Area (RSA) - CHIP only

The risk groups included in the analysis are as follows:

STAR Program

- Children Under Age One Year
- Children Ages 1 to 5 Years

- Children Ages 6 to 14 Years
- Children Ages 15 to 18 Years
- Children Ages 19 to 20 Years
- TANF Adults
- Pregnant Women

STAR+PLUS Program

- Medicaid Only – Other Community Care (OCC)
- Medicaid Only – Home and Community Based Services (HCBS)
- IDD Under Age 21
- IDD Age 21 and Over
- Medicaid Only – Nursing Facility

CHIP Program

- Children Under Age One Year
- Children Ages 1 to 5 Years
- Children Ages 6 to 14 Years
- Children Ages 15 to 18 Years

CHIP Perinatal Program

- Perinate Under 198% FPL
- Perinate Between 198% and 202% FPL
- Perinate Newborns Between 198% and 202% FPL

The STAR Health program is a statewide program for foster care clients with no separately-rated service areas or risk groups.

The pharmacy capitation rates include provision for all prescription drugs purchased through pharmacy providers by managed care clients. Anti-viral agents used for the treatment of Hepatitis C virus are not included in the capitation rates. These drugs are carved out and the cost is reimbursed to the MCOs through a FFS arrangement.

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 detailed claim files, (ii) FSRs and (iii) claim lag reports provided by the MCOs. There was satisfactory consistency between the three claims data sources.

We projected the rating period cost for each program, service area, health plan and risk group by estimating their base period average per-capita claims cost and then applying trend and other adjustment factors (described in Section IV below). We added a reasonable provision for administrative expenses, risk margin and premium tax.

HHSC utilizes a risk-adjusted community rating methodology in setting the pharmacy capitation rates. The community rates vary by program, service area and risk group but are

the same for each MCO in a service area. Attachment 2 presents the summary community rating exhibit for each program, service area and risk group along with a description of the analysis. The community rate in each service area was then 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 IV below under Risk Adjustment.

III. Expansion Populations

The Medicaid Rural Service Area (MRSA) is comprised of three service areas – Central, Northeast and West. Together with the previous STAR and STAR+PLUS service areas, Texas Medicaid managed care now covers all of Texas. Effective September 1, 2014, the STAR+PLUS program expanded to include the MRSA service areas. Prior to September 1, 2014, Medicaid Only SSI clients in the MRSA were covered under managed care in STAR.

Effective September 1, 2014, a new covered population, the Intellectual and Developmental Disabilities (IDD) program, was added to STAR+PLUS. Prior to September 1, 2014, IDD clients in non-MRSA areas received Medicaid services through FFS and, in MRSA areas, some IDD clients received services through FFS and some through STAR.

Effective March 1, 2015, STAR+PLUS expanded to include nursing facility clients. Prior to that date nursing facility clients received Medicaid services through FFS.

IV. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2016 pharmacy capitation rate setting process.

Trend Factors

The rating methodology uses assumed trend factors to adjust the base period (January 1, 2014 through December 31, 2014) claims cost to the rating period (FY2016). The cost trend factors used in this analysis are a combination of utilization and inflation components. The trend rate assumptions were developed by the actuary based on an analysis of recent pharmacy claims experience under the various Medicaid and CHIP programs and the actuary's professional judgment regarding anticipated future cost changes. The trend rate assumption varies by program but is the same for all service areas.

The trend analysis included a review of managed care claims experience data paid through March 31, 2015. Based on this information, estimates of monthly incurred claims were determined through February 2015. The per-capita claims cost and trend experience was reviewed separately by program, service area and risk group. The service area trends were then combined into a statewide average using a weighted average formula with current enrollment as the weights.

The trend assumptions for the remainder of FY2015 and all of FY2016 were developed using the following formulas:

For STAR, the trend assumption equals the average of the quarterly cost trends for the period March 1, 2014 through February 28, 2015. A single trend assumption was used for all risk groups.

For STAR+PLUS, the trend assumption equals the average of the quarterly cost trends for the period March 1, 2013 through February 28, 2015. A single trend assumption was used for all risk groups, including the IDD and nursing facility clients and the MRSA expansion areas.

For STAR Health, the trend assumption equals the maximum of (i) the average of the quarterly cost trends for the period March 1, 2013 through February 28, 2015 and (ii) 3.0%.

For CHIP, the trend assumption equals the average of the quarterly cost trends for the period March 1, 2013 through February 28, 2015. A single trend assumption was used for both CHIP and CHIP Perinatal and all risk groups.

Attachment 3 is a summary of the cost trend analysis. The chart below presents the assumed annual trend rates for the rating period.

	<u>Rating Period Trend Assumption</u>
STAR	3.5 %
STAR+PLUS	4.4 %
STAR Health	3.0 %
CHIP and CHIP Perinatal	5.1 %

Preferred Drug List Changes

HHSC recently implemented several cost containment initiatives in the prescription drug program. Clients receiving drugs in certain drug classes were previously allowed to continue taking a medication when it moved from preferred status to non-preferred status. This is known as grandfathering. HHSC eliminated grandfathering for the antipsychotic and insulin categories effective May 1, 2014. The elimination of grandfathering results in a more rapid shift to less costly preferred drugs.

Effective January 15, 2014, HHSC added several new drug classes in the Preferred Drug List (PDL). These new drug categories include antibiotic (inhaled), antihypertensive, glucocorticoid, immunosuppressive, growth hormone and hypoglycemic.

Attachment 4 presents the derivation of the adjustment factors for the elimination of grandfathering and the addition of the new drug classes.

ADHD Clinical Edit

Effective February 13, 2014, HHSC implemented a new clinical edit designed to address the overutilization of prescription drugs used to treat Attention Deficit Hyperactivity Disorder (ADHD). VDP staff provided a list of ADHD drugs that would be impacted by the new edit.

Based on the information available, we were not able to apply all of the parameters of the new edit to the historical experience. Our cost analysis included only the age limitation portion of the edit. We assumed that all extended release and non-stimulant ADHD formulations would be denied for children under age 6. In addition, all immediate release ADHD formulations would be denied for children under age 3. In each of these cases, we assumed that the client would receive alternative therapy and included the cost of that therapy as an offset to any savings.

Attachment 5 presents the derivation of the adjustment factors for the ADHD clinical edit.

340B Program

HHSC has instituted a new reimbursement method for 340B drugs in FFS which is designed to significantly reduce pharmacy reimbursement for those drugs. HHSC has required the MCOs to submit shared savings plans illustrating how they will align their pharmacy reimbursements in order to achieve comparable savings. These shared savings plans were implemented on December 1, 2014. Attachment 6 presents an analysis of the anticipated cost impact of these reimbursement changes on each program.

STAR+PLUS MRSA Population

Effective September 1, 2014, the STAR+PLUS program expanded to include the Medicaid Rural Service Area (MRSA). The MRSA is comprised of three service areas – Central, Northeast and West. Prior to September 1, 2014, Medicaid Only SSI clients in the MRSA were covered under managed care in STAR.

The pharmacy capitation rates for the STAR+PLUS MRSA expansion population were developed using a methodology similar to that described above in Section II. The primary difference was in the experience period. For STAR+PLUS MRSA rates, we used the experience period September 1, 2014 through February 28, 2015, i.e., the first six months of experience under the STAR+PLUS program. It is our opinion that using the shortened (6-month) experience period provides satisfactory credibility for rate setting and has significant advantages over including previous FFS and STAR experience.

Attachment 2 includes the summary community rating exhibit for the STAR+PLUS MRSA expansion.

STAR+PLUS IDD Population

Effective September 1, 2014, a new covered population, the Intellectual and Developmental Disabilities (IDD) program, was added to STAR+PLUS. Prior to September 1, 2014, IDD clients in non-MRSA areas received Medicaid services through FFS. In MRSA areas, some IDD clients received services through FFS and some through STAR.

The pharmacy capitation rates for the IDD population were developed using a methodology similar to that described above in Section II. The primary difference was in the experience period. For IDD rates, we used the experience period September 1, 2014 through February 28, 2015, i.e., the first six months of experience under managed care. It is our opinion that using the shortened (6-month) experience period provides satisfactory credibility for rate setting and has significant advantages over including previous FFS experience.

The program includes separate rate cells (risk groups) for (i) IDD clients under age 21 and (ii) IDD clients age 21 and older. Because the number of IDD clients under age 21 in managed care is so small (projected to be less than 300 statewide in FY2016), the experience for the two age groups was combined to produce a single rate applicable to all IDD clients.

Attachment 2 includes the summary community rating exhibit for the STAR+PLUS IDD expansion.

STAR+PLUS Nursing Facility Population

Effective March 1, 2015, the STAR+PLUS program expanded to include eligible clients residing in a nursing facility. These clients had previously had their Medicaid services provided through the FFS program. Attachment 7 presents a description of the

methodology and assumptions used to derive the FY2016 pharmacy rates for nursing facility clients. Attachment 2 includes the summary community rating exhibit for the STAR+PLUS Nursing Facility expansion.

Family Planning Adjustment

Some of the MCOs that participate in the STAR and CHIP programs do not provide family planning services. In these cases, family planning services are carved out and paid for through FFS. In developing the base period experience for these MCOs, we included family planning prescription drugs paid for through FFS.

Small Sample Size Adjustments

Both the CHIP and CHIP Perinatal programs contain risk groups that are too small to establish rates on an individual service area basis. These risk groups are the Under Age One risk group in CHIP and the Perinate Between 198% and 202% FPL and Perinate Newborns Between 198% and 202% FPL risk groups in CHIP Perinatal. In those cases we have developed a statewide capitation rate which applies to all MCOs in all service areas.

Risk Adjustment

Several risk adjustment techniques are employed in the rate setting methodology. Capitation 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 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). The same acuity risk adjustment factors are used for pharmacy rates as are used for medical. Additional information regarding acuity risk adjustment is included in the reports listed below which document the medical and long term care components of the capitation rates.

- State of Texas Medicaid Managed Care STAR Program Rate Setting State Fiscal Year 2016 (for STAR clients)
- State of Texas Medicaid Managed Care STAR+PLUS Program Rate Setting State Fiscal Year 2016 (for STAR+PLUS, STAR+PLUS MRSA and STAR+PLUS IDD clients)
- State of Texas Medicaid Managed Care STAR+PLUS Program Rate Setting Nursing Facility Carve-in State Fiscal Year 2016 (for nursing facility clients)
- State of Texas Medicaid Managed Care STAR Health Program Rate Setting State Fiscal Year 2016 (for STAR Health clients)
- State of Texas Children's Health Insurance Program CHIP Rate Setting State Fiscal Year 2016 (for CHIP and CHIP Perinatal clients)

For all STAR, CHIP and established STAR+PLUS services areas, we used 100% of the risk adjustment factors without adjustment. No acuity risk adjustment is made for the STAR+PLUS IDD or Nursing Facility expansion populations.

There were several changes in the MCOs providing services to SSI clients in the STAR+PLUS MRSA expansion areas between the experience period used in establishing the risk adjustment factors (FY2014) and the rating period (FY2016). Applying risk adjustment factors in these areas requires assumptions regarding the FY2016 enrollment distribution. We have assumed an enrollment distribution and applied acuity factors as described below:

1. Plans that previously served during the risk adjustment experience period and remain a participating MCO in an area are assumed to retain 100% of their current membership and acuity scores.
2. If there are no new plans in a service area, membership (and its associated acuity) in departing plans is assumed to move to remaining plans in proportion to the remaining plan's current membership.
3. If there are new plans in a service area, membership (and its associated acuity) in departing plans is assumed to be evenly distributed among the remaining and new plans in the service area.

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

Rebates

The prescription drug cost analysis presented in this report includes the gross pharmacy cost, i.e., it has not been reduced to reflect formulary rebates. HHSC retains the rebate management function for both federal and supplemental rebates.

V. Administrative Fees and Risk Margin

The pharmacy rating methodology includes an explicit provision for administrative services. The amount allocated for administrative expenses is \$1.80 per member per month. This amount is intended to provide for all administrative services performed by the MCO and its subcontractors.

The capitation rates also include an amount for premium tax (1.75% of capitation) and a risk margin (2.0% of capitation).

The capitation rates included in this document do not include provision for the Affordable Care Act (ACA) Health Insurance Providers Fee. HHSC has developed a procedure for reimbursing the MCOs for (i) the ACA Health Insurance Providers Fee, (ii) any applicable federal income tax impact resulting from payment of the ACA Health Insurance Providers Fee and (iii) any applicable state premium tax impact resulting from payment of the ACA Health Insurance Providers Fee. Such reimbursement will be provided separately based on a CMS-approved methodology.

VI. Summary

Attachment 1 presents the results of the FY2016 pharmacy rating analysis for each of the Medicaid and CHIP managed care programs.

VII. Actuarial Certification of FY2016 Pharmacy Capitation Rates

I, David G. Wilkes, am a principal with the firm of Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom, Inc.). 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.

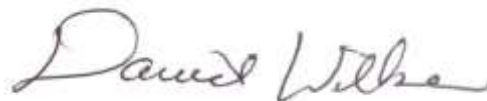
Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their pharmacy rate-setting methodology, assumptions and resulting capitation rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c). The capitation rates for the pharmacy program are effective for the period fiscal year 2016 (FY2016, September 1, 2015 through August 31, 2016).

I certify that the pharmacy capitation rates developed by HHSC and Rudd and Wisdom, Inc. satisfy the following:

- (a) The capitation rates have been developed in accordance with generally accepted actuarial principals and practices;
- (b) The capitation rates are appropriate for the populations and services covered under the managed care contract; and
- (c) The capitation 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, Inc. has developed these rates on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c). Any health plan contracting with the State should analyze its own projected premium needs before deciding whether to contract with the State.



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

VIII. Attachments

Attachment 1

Summary of Pharmacy Rating Analysis

The attached exhibit presents the resulting FY2016 pharmacy capitation rates. The exhibit includes monthly capitation rates by service area, health plan and risk group for the STAR, STAR+PLUS, STAR Health, CHIP and CHIP Perinatal programs.

FY2016 Pharmacy Rate Setting
Monthly per-Capita Premium Rates

STAR Program

Service Area/MCO	Children <1	Children 1-5	Children 6-14	Children 15-18	Children 19-20	TANF Adults	Pregnant Women
Bexar-Aetna	\$ 19.06	\$ 23.05	\$ 33.28	\$ 36.14	\$ 32.48	\$ 91.39	\$ 49.92
Bexar-Amerigroup	18.75	23.08	31.17	25.98	25.27	99.85	51.27
Bexar-CFHP	18.24	21.60	39.81	38.28	34.30	104.51	50.74
Bexar-Superior	18.84	22.27	40.53	37.28	34.12	110.80	51.50
Dallas-Amerigroup	27.12	26.40	39.69	42.15	34.84	84.74	46.60
Dallas-Molina	29.31	31.11	31.79	39.65	33.53	101.37	46.71
Dallas-Parkland	26.65	29.81	39.70	40.93	35.48	79.47	46.89
El Paso-El Paso First	28.74	24.98	36.60	44.35	17.75	86.44	44.09
El Paso-Molina	32.36	23.32	29.08	19.01	12.98	91.17	38.24
El Paso-Superior	32.57	25.26	36.24	50.61	20.47	88.49	43.86
Harris-Amerigroup	28.66	22.17	31.20	31.34	44.93	116.27	53.20
Harris-CHC	26.09	26.72	32.99	32.66	44.87	95.63	54.04
Harris-Molina	27.42	24.02	38.09	33.26	53.28	128.09	47.87
Harris-TCHP	21.57	25.39	38.23	38.56	47.07	83.76	52.38
Harris-United	28.71	32.26	40.38	47.29	48.90	136.76	56.00
Hidalgo-Driscoll	46.40	45.39	44.72	43.92	42.00	101.64	49.72
Hidalgo-Molina	42.24	40.81	46.93	44.90	44.91	146.46	47.96
Hidalgo-Superior	48.86	49.85	50.69	47.11	45.62	129.32	50.04
Hidalgo-United	49.43	49.11	50.70	46.44	50.89	133.58	49.83
Jefferson-Amerigroup	33.77	32.59	51.10	45.25	32.06	159.71	48.03
Jefferson-CHC	32.28	30.59	48.17	43.92	36.42	113.96	43.82
Jefferson-Molina	35.38	31.69	55.73	34.00	31.71	131.66	45.43
Jefferson-TCHP	29.15	30.73	57.26	46.75	41.03	113.27	46.56
Jefferson-United	31.54	35.52	59.49	43.63	35.12	150.78	45.61
Lubbock-Amerigroup	28.51	27.26	38.16	34.98	51.37	109.42	42.32
Lubbock-Firstcare	23.56	26.95	42.35	42.26	33.17	133.44	40.47
Lubbock-Superior	23.13	27.85	38.49	34.72	29.99	109.40	40.49
Nueces-Christus	33.36	30.20	52.26	49.48	19.10	93.65	46.39
Nueces-Driscoll	31.62	34.18	57.92	48.96	21.34	98.16	46.63
Nueces-Superior	33.07	37.51	60.93	44.19	18.72	127.59	45.37
Tarrant-Aetna	26.45	23.54	33.42	29.61	118.27	100.89	53.97
Tarrant-Amerigroup	24.42	21.33	35.20	35.80	103.85	121.58	51.07
Tarrant-Cook	25.09	25.33	42.36	42.20	108.37	92.46	50.21
Travis-BCBSTX	20.99	19.17	28.84	33.95	18.28	95.61	47.09
Travis-Sendero	21.37	20.94	32.55	41.06	29.29	75.76	46.26
Travis-Seton	17.43	17.60	28.76	36.50	23.91	88.12	44.70
Travis-Superior	20.62	17.31	32.89	38.53	28.13	106.11	47.00
MRSA Cent-Amerigroup	21.36	16.96	33.99	29.93	21.19	82.32	37.42
MRSA Cent-S&W	20.78	23.07	45.29	49.73	25.98	99.22	38.91
MRSA Cent-Superior	20.34	19.05	38.04	38.68	22.54	98.45	37.84
MRSA NE-Amerigroup	28.72	26.61	44.91	44.48	41.71	117.67	43.02
MRSA NE-Superior	24.98	25.11	41.41	44.46	36.99	115.88	43.99
MRSA West-Amerigroup	20.02	19.42	33.46	36.06	48.58	115.09	35.19
MRSA West-Firstcare	19.76	22.61	38.97	43.23	40.35	123.22	34.04
MRSA West-Superior	18.93	20.08	38.31	40.08	36.85	116.70	33.70

STAR+PLUS Program

Service Area	Medicaid Only OCC	Medicaid Only HCBS	IDD < Age 21	IDD Age 21+	Nursing Facility
Bexar-Amerigroup	\$ 400.92	\$ 697.40	\$ 503.76	\$ 503.76	\$ 768.19
Bexar-Molina	350.25	647.45	503.76	503.76	768.19
Bexar-Superior	406.76	707.00	503.76	503.76	768.19
Dallas-Molina	359.90	669.99	369.79	369.79	754.94
Dallas-Superior	355.71	676.95	369.79	369.79	754.94
El Paso-Amerigroup	458.00	837.86	738.49	738.49	553.30
El Paso-Molina	453.86	828.29	738.49	738.49	553.30
Harris-Amerigroup	384.80	868.50	509.98	509.98	782.85
Harris-Molina	368.84	836.96	509.98	509.98	782.85
Harris-United	457.78	804.77	509.98	509.98	782.85
Hidalgo-Healthspring	387.98	767.41	459.94	459.94	846.86
Hidalgo-Molina	374.42	804.52	459.94	459.94	846.86
Hidalgo-Superior	391.87	793.70	459.94	459.94	846.86
Jefferson-Amerigroup	379.75	755.98	399.18	399.18	740.04
Jefferson-Molina	400.25	768.53	399.18	399.18	740.04
Jefferson-United	473.70	753.37	399.18	399.18	740.04
Lubbock-Amerigroup	422.63	703.69	423.50	423.50	837.50
Lubbock-Superior	380.15	800.85	423.50	423.50	837.50
Nueces-Superior	399.75	775.80	569.85	569.85	776.99
Nueces-United	408.05	674.54	569.85	569.85	776.99
Tarrant-Amerigroup	432.23	942.43	443.26	443.26	793.00
Tarrant-Healthspring	359.67	853.31	443.26	443.26	793.00
Travis-Amerigroup	413.81	1,166.27	524.04	524.04	1,025.61
Travis-United	422.25	1,113.14	524.04	524.04	1,025.61
MRSA Central - Superior	358.02	741.82	450.08	450.08	673.93
MRSA Central - United	353.74	733.41	450.08	450.08	673.93
MRSA NE - Healthspring	354.04	900.33	434.81	434.81	768.20
MRSA NE - United	354.04	900.33	434.81	434.81	768.20
MRSA West - Amerigroup	373.06	770.55	501.16	501.16	700.87
MRSA West - Superior	388.99	809.11	501.16	501.16	700.87

STAR Health Program \$ 160.16

CHIP Program

Service Area	CHIP				CHIP Perinatal		
	Age <1	Age 1-5	Age 6-14	Age 15-18	Perinate <198%	Perinate 198-202%	Newborn 198-202%
Bexar-Aetna	\$ 19.20	\$ 14.37	\$ 32.15	\$ 29.20	\$ 21.44	\$ 29.66	\$ 7.21
Bexar-Amerigroup	19.20	14.89	23.55	23.23	21.44	29.66	7.21
Bexar-CFHP	19.20	16.99	33.56	33.23	21.44	29.66	7.21
Bexar-Superior	19.20	15.67	32.65	33.53	21.44	29.66	7.21
Dallas-Amerigroup	19.20	18.88	32.89	37.30	11.54	29.66	7.21
Dallas-Molina	19.20	16.50	27.48	31.17	11.54	29.66	7.21
Dallas-Parkland	19.20	21.33	35.01	37.64	11.54	29.66	7.21
El Paso-El Paso First	19.20	15.25	26.76	25.05	29.98	29.66	7.21
El Paso-Superior	19.20	20.33	26.14	22.99	29.98	29.66	7.21
Harris-Amerigroup	19.20	19.39	28.60	28.14	35.07	29.66	7.21
Harris-CHC	19.20	18.62	25.84	28.81	35.07	29.66	7.21
Harris-Molina	19.20	19.56	28.71	34.13	35.07	29.66	7.21
Harris-TCHP	19.20	21.19	33.54	38.32	35.07	29.66	7.21
Harris-United	19.20	14.94	26.67	33.19	35.07	29.66	7.21
Jefferson-Amerigroup	19.20	17.09	40.32	29.06	21.90	29.66	7.21
Jefferson-CHC	19.20	21.89	45.46	44.17	21.90	29.66	7.21
Jefferson-Molina	19.20	25.69	34.02	21.51	21.90	29.66	7.21
Jefferson-TCHP	19.20	22.86	48.29	42.56	21.90	29.66	7.21
Jefferson-United	19.20	20.12	40.78	35.15	21.90	29.66	7.21
Lubbock-Firstcare	19.20	22.03	36.02	40.77	27.04	29.66	7.21
Lubbock-Superior	19.20	21.64	33.23	37.22	27.04	29.66	7.21
Nueces-Christus	19.20	20.39	42.24	28.36	35.31	29.66	7.21
Nueces-Driscoll	19.20	27.83	42.05	32.73	35.31	29.66	7.21
Nueces-Superior	19.20	28.41	40.09	27.37	35.31	29.66	7.21
Tarrant-Aetna	19.20	13.86	25.80	29.51	33.34	29.66	7.21
Tarrant-Amerigroup	19.20	17.63	29.98	30.81	33.34	29.66	7.21
Tarrant-Cook	19.20	19.78	35.76	39.00	33.34	29.66	7.21
Travis-BCBSTX	19.20	15.20	24.60	24.57	18.51	29.66	7.21
Travis-Sendero	19.20	15.14	20.07	22.34	18.51	29.66	7.21
Travis-Seton	19.20	14.56	25.35	34.58	18.51	29.66	7.21
Travis-Superior	19.20	14.27	25.72	35.15	18.51	29.66	7.21
RSA-Molina	19.20	26.60	35.49	34.48	29.97	29.66	7.21
RSA-Superior	19.20	28.03	40.37	38.72	29.97	29.66	7.21

Attachment 2

Community Experience Analysis

The following exhibits present a summary of the pharmacy experience analysis performed for each Medicaid and CHIP managed care program and service area. HHSC utilizes a community rating methodology in setting the pharmacy capitation rates. The community rates by risk group vary by service area but are the same for each MCO in a service area.

Below is a brief description of the exhibits contained in this attachment. The exhibits present the derivation of the FY2016 pharmacy community capitation rates for the programs listed below. Each exhibit contains the rate derivation for each service area and risk group included in the program.

- Exhibit A – STAR Program
- Exhibit B – STAR+PLUS Program
- Exhibit C – STAR+PLUS MRSA Expansion Program
- Exhibit D – STAR+PLUS IDD Expansion Program
- Exhibit E – STAR+PLUS Nursing Facility Program
- Exhibit F – STAR Health Program
- Exhibit G – CHIP Program
- Exhibit H – CHIP Perinatal Program

The actuarial model used to derive the capitation rates relies primarily on managed care pharmacy claims experience. The historical claims experience for each program, service area and risk group was analyzed and estimates for the base period (generally January 1, 2014 through December 31, 2014) were developed. The top portion of the attached exhibits show summary base period enrollment and claims experience and projected rating period enrollment. The base period per capita claims cost estimates were then projected forward to the rating period using assumed trend rates. Administrative expenses (\$1.80 pmpm), risk margin (2.0%) and premium tax (1.75%) were added to the claims component in order to project the total rating period cost.

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Bexar Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	242,958		792,996		1,105,223		316,371		8,388	
Experience Period Cost										
Estimated Incurred Claims	3,750,355	15.44	14,798,909	18.66	37,819,735	34.22	10,265,088	32.45	245,106	29.22
Other Costs/Refunds	-48,315	-0.20	-143,557	-0.18	-287,180	-0.26	-95,062	-0.30	-2,013	-0.24
Total Cost	3,702,041	15.24	14,655,351	18.48	37,532,555	33.96	10,170,025	32.15	243,093	28.98
Projected FY2016 Member Months	256,366		859,698		1,320,448		397,235		8,456	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9996		0.9992		0.9987		0.9988		0.9991	
ADHD Clinical Edit	1.0000		0.9970		1.0000		1.0000		1.0000	
340B Pricing	1.0000		0.9999		1.0000		1.0000		1.0000	
Projected Incurred Claims	4,135,217	16.13	16,760,074	19.50	47,425,833	35.92	13,506,791	34.00	259,287	30.66
Administrative Expenses	461,459	1.80	1,547,456	1.80	2,376,806	1.80	715,024	1.80	15,220	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	4,775,768	18.63	19,020,811	22.12	51,743,002	39.19	14,775,912	37.20	285,203	33.73

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Bexar Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	144,139		130,921		2,740,996	
Experience Period Cost						
Estimated Incurred Claims	13,629,682	94.56	5,948,840	45.44	86,457,714	31.54
Other Costs/Refunds	-66,333	-0.46	-92,887	-0.71	-735,347	-0.27
Total Cost	13,563,349	94.10	5,855,953	44.73	85,722,367	31.27
Projected FY2016 Member Months	173,061		144,290		3,159,554	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9980		0.9993			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	0.9995		0.9999			
Projected Incurred Claims	17,202,732	99.40	6,829,288	47.33	106,119,223	33.59
Administrative Expenses	311,509	1.80	259,722	1.80	5,687,197	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	18,196,614	105.15	7,365,205	51.04	116,162,514	36.77

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Dallas Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	343,145		1,379,926		1,948,748		506,243		9,034	
Experience Period Cost										
Estimated Incurred Claims	7,947,141	23.16	33,482,422	24.26	67,018,018	34.39	18,391,831	36.33	274,546	30.39
Other Costs/Refunds	-83,337	-0.24	-341,462	-0.25	-477,053	-0.24	-120,155	-0.24	-2,207	-0.24
Total Cost	7,863,804	22.92	33,140,961	24.02	66,540,964	34.15	18,271,676	36.09	272,339	30.14
Projected FY2016 Member Months	350,797		1,496,884		2,352,061		643,019		8,983	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9996		0.9996		0.9993		0.9993		0.9998	
ADHD Clinical Edit	1.0000		0.9986		1.0000		1.0000		1.0000	
340B Pricing	1.0002		0.9999		0.9998		0.9994		1.0010	
Projected Incurred Claims	8,511,864	24.26	37,999,043	25.39	84,975,095	36.13	24,545,868	38.17	286,986	31.95
Administrative Expenses	631,434	1.80	2,694,392	1.80	4,233,710	1.80	1,157,434	1.80	16,169	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	9,499,531	27.08	42,278,893	28.24	92,684,473	39.41	26,704,729	41.53	314,966	35.06

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Dallas Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	139,458		160,485		4,487,038	
Experience Period Cost						
Estimated Incurred Claims	10,656,723	76.42	6,603,701	41.15	144,374,382	32.18
Other Costs/Refunds	-33,944	-0.24	-39,745	-0.25	-1,097,903	-0.24
Total Cost	10,622,779	76.17	6,563,956	40.90	143,276,479	31.93
Projected FY2016 Member Months	167,055		180,521		5,199,319	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9988		0.9998			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	0.9951		0.9972			
Projected Incurred Claims	13,393,676	80.18	7,795,689	43.18	177,508,222	34.14
Administrative Expenses	300,698	1.80	324,937	1.80	9,358,774	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	14,227,922	85.17	8,437,014	46.74	194,147,529	37.34

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
El Paso Area-Total

Attachment 2 - Exhibit A

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	111,761		392,042		602,937		208,006		4,237	
Experience Period Cost										
Estimated Incurred Claims	2,923,805	26.16	8,370,096	21.35	19,009,176	31.53	8,516,926	40.95	66,410	15.67
Other Costs/Refunds	-22,960	-0.21	-93,907	-0.24	-153,040	-0.25	-52,566	-0.25	-725	-0.17
Total Cost	2,900,845	25.96	8,276,189	21.11	18,856,136	31.27	8,464,360	40.69	65,685	15.50
Projected FY2016 Member Months	113,285		419,128		696,318		247,776		3,977	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9999		0.9996		0.9992		0.9993		0.9991	
ADHD Clinical Edit	1.0000		0.9988		1.0000		1.0000		1.0000	
340B Pricing	0.9999		0.9999		0.9996		0.9994		1.0004	
Projected Incurred Claims	3,113,304	27.48	9,354,195	22.32	23,033,916	33.08	10,663,841	43.04	65,261	16.41
Administrative Expenses	203,913	1.80	754,431	1.80	1,253,373	1.80	445,997	1.80	7,159	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,446,459	30.42	10,502,468	25.06	25,233,546	36.24	11,542,688	46.59	75,241	18.92

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
El Paso Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	58,273		55,563		1,432,819	
Experience Period Cost						
Estimated Incurred Claims	4,584,706	78.68	2,159,793	38.87	45,630,912	31.85
Other Costs/Refunds	-24,312	-0.42	-29,927	-0.54	-377,438	-0.26
Total Cost	4,560,393	78.26	2,129,866	38.33	45,253,474	31.58
Projected FY2016 Member Months	67,479		60,181		1,608,144	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9982		0.9996			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	0.9971		0.9957			
Projected Incurred Claims	5,566,160	82.49	2,431,514	40.40	54,228,191	33.72
Administrative Expenses	121,462	1.80	108,325	1.80	2,894,659	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	5,909,218	87.57	2,638,794	43.85	59,348,415	36.90

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Harris Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	672,658		2,309,257		3,091,158		831,328		16,456	
Experience Period Cost										
Estimated Incurred Claims	14,187,514	21.09	50,289,741	21.78	95,477,626	30.89	26,017,427	31.30	663,747	40.33
Other Costs/Refunds	-80,784	-0.12	-283,602	-0.12	-387,979	-0.13	-104,191	-0.13	-1,842	-0.11
Total Cost	14,106,729	20.97	50,006,138	21.65	95,089,647	30.76	25,913,236	31.17	661,905	40.22
Projected FY2016 Member Months	697,210		2,516,076		3,750,190		1,058,737		15,981	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9996		0.9995		0.9991		0.9988		0.9995	
ADHD Clinical Edit	1.0000		0.9983		1.0000		1.0000		1.0000	
340B Pricing	1.0000		1.0000		0.9997		1.0000		0.9985	
Projected Incurred Claims	15,478,260	22.20	57,573,058	22.88	122,023,782	32.54	34,907,295	32.97	679,342	42.51
Administrative Expenses	1,254,978	1.80	4,528,938	1.80	6,750,342	1.80	1,905,726	1.80	28,765	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	17,385,182	24.94	64,521,554	25.64	133,791,298	35.68	38,247,294	36.13	735,696	46.04

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Harris Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	252,523		287,922		7,461,303	
Experience Period Cost						
Estimated Incurred Claims	23,795,403	94.23	13,569,238	47.13	224,000,696	30.02
Other Costs/Refunds	-30,069	-0.12	-32,368	-0.11	-920,836	-0.12
Total Cost	23,765,335	94.11	13,536,870	47.02	223,079,860	29.90
Projected FY2016 Member Months	311,080		322,651		8,671,925	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9982		0.9996			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	0.9962		0.9993			
Projected Incurred Claims	30,830,446	99.11	16,047,228	49.74	277,539,412	32.00
Administrative Expenses	559,945	1.80	580,773	1.80	15,609,466	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	32,613,393	104.84	17,275,845	53.54	304,570,262	35.12

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Hidalgo Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	317,973		1,187,945		1,769,932		542,613		11,182	
Experience Period Cost										
Estimated Incurred Claims	13,236,098	41.63	49,490,703	41.66	76,259,562	43.09	21,957,568	40.47	451,022	40.34
Other Costs/Refunds	-117,806	-0.37	-415,265	-0.35	-612,987	-0.35	-185,731	-0.34	-3,935	-0.35
Total Cost	13,118,292	41.26	49,075,438	41.31	75,646,575	42.74	21,771,837	40.12	447,087	39.98
Projected FY2016 Member Months	325,452		1,250,782		2,006,062		642,942		10,207	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9997		0.9997		0.9994		0.9994		0.9996	
ADHD Clinical Edit	1.0000		0.9985		1.0000		1.0000		1.0000	
340B Pricing	1.0000		1.0000		1.0000		1.0000		1.0000	
Projected Incurred Claims	14,214,937	43.68	54,622,042	43.67	90,743,764	45.23	27,303,381	42.47	432,032	42.33
Administrative Expenses	585,814	1.80	2,251,408	1.80	3,610,911	1.80	1,157,295	1.80	18,373	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	15,377,404	47.25	59,089,299	47.24	98,030,831	48.87	29,569,533	45.99	467,953	45.85

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Hidalgo Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	139,066		140,623		4,109,333	
Experience Period Cost						
Estimated Incurred Claims	16,048,251	115.40	6,159,721	43.80	183,602,925	44.68
Other Costs/Refunds	-47,557	-0.34	-52,590	-0.37	-1,435,871	-0.35
Total Cost	16,000,695	115.06	6,107,130	43.43	182,167,053	44.33
Projected FY2016 Member Months	155,852		152,913		4,544,210	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9987		0.9996			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	1.0000		1.0000			
Projected Incurred Claims	18,965,537	121.69	7,029,971	45.97	213,311,665	46.94
Administrative Expenses	280,533	1.80	275,244	1.80	8,179,578	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	19,995,917	128.30	7,589,834	49.63	230,120,772	50.64

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Jefferson Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	76,745		244,700		322,538		93,689		2,695	
Experience Period Cost										
Estimated Incurred Claims	2,085,827	27.18	6,713,970	27.44	15,494,954	48.04	3,654,441	39.01	85,811	31.84
Other Costs/Refunds	-19,860	-0.26	-64,207	-0.26	-84,396	-0.26	-23,990	-0.26	-646	-0.24
Total Cost	2,065,967	26.92	6,649,762	27.18	15,410,558	47.78	3,630,450	38.75	85,164	31.60
Projected FY2016 Member Months	79,757		265,106		377,362		114,413		2,348	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9995		0.9993		0.9987		0.9986		0.9993	
ADHD Clinical Edit	1.0000		0.9955		1.0000		1.0000		1.0000	
340B Pricing	1.0000		1.0000		1.0000		1.0000		1.0000	
Projected Incurred Claims	2,272,626	28.49	7,589,787	28.63	19,069,194	50.53	4,688,593	40.98	78,531	33.44
Administrative Expenses	143,563	1.80	477,191	1.80	679,252	1.80	205,944	1.80	4,227	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	2,510,326	31.47	8,381,276	31.61	20,517,866	54.37	5,085,233	44.45	85,982	36.62

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Jefferson Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	47,816		42,099		830,281	
Experience Period Cost						
Estimated Incurred Claims	5,571,344	116.52	1,680,508	39.92	35,286,853	42.50
Other Costs/Refunds	-11,777	-0.25	-10,483	-0.25	-215,360	-0.26
Total Cost	5,559,567	116.27	1,670,025	39.67	35,071,494	42.24
Projected FY2016 Member Months	55,954		47,176		942,118	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9981		0.9995			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	1.0000		1.0000			
Projected Incurred Claims	6,876,655	122.90	1,980,876	41.99	42,556,263	45.17
Administrative Expenses	100,718	1.80	84,917	1.80	1,695,812	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	7,249,219	129.56	2,146,278	45.50	45,976,182	48.80

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Lubbock Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	81,684		243,572		330,516		87,834		2,407	
Experience Period Cost										
Estimated Incurred Claims	1,660,543	20.33	5,694,868	23.38	11,706,111	35.42	2,969,551	33.81	71,348	29.64
Other Costs/Refunds	-17,965	-0.22	-53,187	-0.22	-72,541	-0.22	-19,421	-0.22	-510	-0.21
Total Cost	1,642,578	20.11	5,641,681	23.16	11,633,569	35.20	2,950,130	33.59	70,837	29.43
Projected FY2016 Member Months	84,206		263,291		392,732		108,915		2,549	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9998		0.9996		0.9989		0.9990		0.9991	
ADHD Clinical Edit	1.0000		0.9980		1.0000		1.0000		1.0000	
340B Pricing	1.0001		1.0000		1.0000		1.0000		1.0000	
Projected Incurred Claims	1,793,024	21.29	6,442,799	24.47	14,623,090	37.23	3,870,162	35.53	79,367	31.14
Administrative Expenses	151,570	1.80	473,924	1.80	706,917	1.80	196,047	1.80	4,588	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	2,020,358	23.99	7,186,206	27.29	15,927,280	40.56	4,224,633	38.79	87,225	34.22

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Lubbock Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	40,716		46,085		832,815	
Experience Period Cost						
Estimated Incurred Claims	4,402,322	108.12	1,634,857	35.47	28,139,599	33.79
Other Costs/Refunds	-9,806	-0.24	-9,900	-0.21	-183,330	-0.22
Total Cost	4,392,516	107.88	1,624,957	35.26	27,956,269	33.57
Projected FY2016 Member Months	48,240		47,961		947,893	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9986		0.9996			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	1.0000		1.0001			
Projected Incurred Claims	5,503,540	114.09	1,790,358	37.33	34,102,341	35.98
Administrative Expenses	86,832	1.80	86,330	1.80	1,706,208	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	5,808,178	120.40	1,949,806	40.65	37,203,687	39.25

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Nueces Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	86,756		261,381		365,453		103,409		3,105	
Experience Period Cost										
Estimated Incurred Claims	2,447,269	28.21	8,047,052	30.79	19,016,648	52.04	4,416,298	42.71	55,841	17.98
Other Costs/Refunds	-78,732	-0.91	-221,311	-0.85	-319,316	-0.87	-89,426	-0.86	-2,740	-0.88
Total Cost	2,368,536	27.30	7,825,742	29.94	18,697,332	51.16	4,326,872	41.84	53,101	17.10
Projected FY2016 Member Months	90,951		283,045		432,990		128,089		2,888	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9996		0.9993		0.9990		0.9991		0.9993	
ADHD Clinical Edit	1.0000		0.9950		1.0000		1.0000		1.0000	
340B Pricing	1.0000		1.0000		1.0000		1.0000		1.0000	
Projected Incurred Claims	2,628,529	28.90	8,923,329	31.53	23,436,478	54.13	5,670,691	44.27	52,263	18.10
Administrative Expenses	163,711	1.80	509,482	1.80	779,382	1.80	230,560	1.80	5,198	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	2,901,028	31.90	9,800,322	34.62	25,159,336	58.11	6,131,170	47.87	59,700	20.67

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Nueces Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	45,042		50,204		915,350	
Experience Period Cost						
Estimated Incurred Claims	4,320,089	95.91	2,083,130	41.49	40,386,327	44.12
Other Costs/Refunds	-37,714	-0.84	-45,871	-0.91	-795,111	-0.87
Total Cost	4,282,375	95.07	2,037,259	40.58	39,591,216	43.25
Projected FY2016 Member Months	53,905		54,135		1,046,003	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9976		0.9994			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	1.0000		1.0000			
Projected Incurred Claims	5,414,381	100.44	2,325,036	42.95	48,450,707	46.32
Administrative Expenses	97,029	1.80	97,443	1.80	1,882,805	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	5,726,140	106.23	2,516,861	46.49	52,294,558	49.99

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Tarrant Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	272,886		871,095		1,195,732		310,598		6,237	
Experience Period Cost										
Estimated Incurred Claims	5,830,621	21.37	17,113,639	19.65	39,285,812	32.86	10,113,373	32.56	608,298	97.53
Other Costs/Refunds	-25,301	-0.09	-104,525	-0.12	-255,569	-0.21	-77,806	-0.25	-1,234	-0.20
Total Cost	5,805,319	21.27	17,009,115	19.53	39,030,243	32.64	10,035,567	32.31	607,064	97.34
Projected FY2016 Member Months	285,868		963,314		1,468,940		398,426		6,329	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9996		0.9993		0.9990		0.9991		0.9996	
ADHD Clinical Edit	1.0000		0.9981		1.0000		1.0000		1.0000	
340B Pricing	0.9999		0.9998		0.9993		0.9966		0.9996	
Projected Incurred Claims	6,437,158	22.52	19,864,061	20.62	50,691,293	34.51	13,574,396	34.07	651,845	103.00
Administrative Expenses	514,563	1.80	1,733,966	1.80	2,644,092	1.80	717,166	1.80	11,392	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	7,222,567	25.27	22,439,508	23.29	55,413,386	37.72	14,848,377	37.27	689,078	108.88

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Tarrant Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	119,509		127,793		2,903,850	
Experience Period Cost						
Estimated Incurred Claims	11,742,928	98.26	5,875,102	45.97	90,569,773	31.19
Other Costs/Refunds	-18,648	-0.16	-42,566	-0.33	-525,649	-0.18
Total Cost	11,724,280	98.10	5,832,536	45.64	90,044,124	31.01
Projected FY2016 Member Months	144,201		142,947		3,410,025	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9984		0.9997			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	0.9812		0.9961			
Projected Incurred Claims	14,676,228	101.78	6,880,172	48.13	112,775,153	33.07
Administrative Expenses	259,562	1.80	257,304	1.80	6,138,045	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	15,517,704	107.61	7,415,560	51.88	123,546,180	36.23

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Travis Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	152,055		496,715		665,889		166,935		3,853	
Experience Period Cost										
Estimated Incurred Claims	2,588,103	17.02	7,360,971	14.82	18,275,558	27.45	5,474,164	32.79	86,532	22.46
Other Costs/Refunds	-21,782	-0.14	-87,905	-0.18	-120,734	-0.18	-29,063	-0.17	-655	-0.17
Total Cost	2,566,322	16.88	7,273,066	14.64	18,154,824	27.26	5,445,101	32.62	85,877	22.29
Projected FY2016 Member Months	159,375		541,945		813,053		215,951		3,477	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9999		0.9997		0.9989		0.9985		0.9994	
ADHD Clinical Edit	1.0000		0.9981		1.0000		1.0000		1.0000	
340B Pricing	1.0000		0.9999		0.9998		1.0000		1.0000	
Projected Incurred Claims	2,848,310	17.87	8,384,289	15.47	23,444,725	28.84	7,448,394	34.49	82,016	23.59
Administrative Expenses	286,874	1.80	975,501	1.80	1,463,496	1.80	388,712	1.80	6,258	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,257,334	20.44	9,724,456	17.94	25,878,671	31.83	8,142,448	37.71	91,713	26.38

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
Travis Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	75,552		66,932		1,627,931	
Experience Period Cost						
Estimated Incurred Claims	6,656,945	88.11	2,740,750	40.95	43,183,024	26.53
Other Costs/Refunds	-11,466	-0.15	-9,336	-0.14	-280,940	-0.17
Total Cost	6,645,479	87.96	2,731,415	40.81	42,902,084	26.35
Projected FY2016 Member Months	87,286		72,918		1,894,005	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9981		0.9993			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	1.0000		1.0000			
Projected Incurred Claims	8,115,240	92.97	3,149,073	43.19	53,472,046	28.23
Administrative Expenses	157,115	1.80	131,253	1.80	3,409,209	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	8,594,655	98.47	3,408,131	46.74	59,097,408	31.20

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
MRSA Central Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	131,191		419,233		551,268		149,264		4,184	
Experience Period Cost										
Estimated Incurred Claims	2,289,756	17.45	7,077,582	16.88	19,123,943	34.69	5,326,713	35.69	83,978	20.07
Other Costs/Refunds	-43,199	-0.33	-144,207	-0.34	-195,906	-0.36	-52,341	-0.35	-1,349	-0.32
Total Cost	2,246,557	17.12	6,933,375	16.54	18,928,037	34.34	5,274,372	35.34	82,630	19.75
Projected FY2016 Member Months	139,370		460,690		670,635		188,948		3,793	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9997		0.9991		0.9986		0.9987		0.9994	
ADHD Clinical Edit	1.0000		0.9948		1.0000		1.0000		1.0000	
340B Pricing	0.9970		0.9977		0.9944		0.9972		1.0000	
Projected Incurred Claims	2,519,124	18.08	8,000,984	17.37	24,214,861	36.11	7,041,672	37.27	79,271	20.90
Administrative Expenses	250,866	1.80	829,242	1.80	1,207,142	1.80	340,107	1.80	6,827	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	2,877,911	20.65	9,174,261	19.91	26,412,471	39.38	7,669,380	40.59	89,453	23.58

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
MRSA Central Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	72,907		68,428		1,396,476	
Experience Period Cost						
Estimated Incurred Claims	6,288,601	86.25	2,285,795	33.40	42,476,369	30.42
Other Costs/Refunds	-21,179	-0.29	-22,842	-0.33	-481,023	-0.34
Total Cost	6,267,422	85.96	2,262,952	33.07	41,995,346	30.07
Projected FY2016 Member Months	84,089		74,848		1,622,374	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9982		0.9994			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	0.9999		0.9989			
Projected Incurred Claims	7,640,680	90.86	2,616,879	34.96	52,113,470	32.12
Administrative Expenses	151,361	1.80	134,727	1.80	2,920,272	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	8,095,627	96.27	2,858,812	38.19	57,177,915	35.24

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
MRSA Northeast Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	167,310		549,909		736,906		203,087		4,989	
Experience Period Cost										
Estimated Incurred Claims	3,805,213	22.74	12,270,077	22.31	27,821,525	37.75	8,000,034	39.39	170,145	34.10
Other Costs/Refunds	-109,475	-0.65	-345,898	-0.63	-456,771	-0.62	-126,723	-0.62	-3,104	-0.62
Total Cost	3,695,737	22.09	11,924,179	21.68	27,364,754	37.13	7,873,311	38.77	167,041	33.48
Projected FY2016 Member Months	168,834		595,499		878,407		252,209		4,681	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9996		0.9992		0.9988		0.9987		0.9988	
ADHD Clinical Edit	1.0000		0.9971		1.0000		1.0000		1.0000	
340B Pricing	0.9986		0.9994		0.9996		1.0000		1.0000	
Projected Incurred Claims	3,942,381	23.35	13,615,992	22.86	34,489,023	39.26	10,341,202	41.00	165,785	35.41
Administrative Expenses	303,901	1.80	1,071,897	1.80	1,581,133	1.80	453,977	1.80	8,426	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	4,411,722	26.13	15,260,145	25.63	37,475,487	42.66	11,215,770	44.47	180,999	38.66

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
MRSA Northeast Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	86,535		86,382		1,835,119	
Experience Period Cost						
Estimated Incurred Claims	9,093,074	105.08	3,346,786	38.74	64,506,854	35.15
Other Costs/Refunds	-53,317	-0.62	-56,815	-0.66	-1,152,103	-0.63
Total Cost	9,039,758	104.46	3,289,971	38.09	63,354,751	34.52
Projected FY2016 Member Months	97,743		96,710		2,094,084	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9981		0.9995			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	0.9995		0.9986			
Projected Incurred Claims	10,787,142	110.36	3,893,265	40.26	77,234,789	36.88
Administrative Expenses	175,937	1.80	174,079	1.80	3,769,351	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	11,390,212	116.53	4,225,812	43.70	84,160,145	40.19

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
MRSA West Area-Total

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	170,078		459,988		625,891		170,180		4,885	
Experience Period Cost										
Estimated Incurred Claims	2,791,056	16.41	8,193,826	17.81	20,601,251	32.92	6,049,599	35.55	174,263	35.67
Other Costs/Refunds	-66,208	-0.39	-194,848	-0.42	-268,970	-0.43	-72,739	-0.43	-1,900	-0.39
Total Cost	2,724,849	16.02	7,998,978	17.39	20,332,281	32.49	5,976,859	35.12	172,363	35.28
Projected FY2016 Member Months	175,451		506,744		755,961		215,279		5,038	
Annual Trend Assumption	3.5 %		3.5 %		3.5 %		3.5 %		3.5 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9997		0.9994		0.9991		0.9988		0.9995	
ADHD Clinical Edit	1.0000		0.9957		1.0000		1.0000		1.0000	
340B Pricing	1.0000		0.9999		1.0001		1.0001		1.0000	
Projected Incurred Claims	2,975,910	16.96	9,285,418	18.32	25,986,012	34.37	7,998,115	37.15	188,132	37.35
Administrative Expenses	315,812	1.80	912,139	1.80	1,360,730	1.80	387,502	1.80	9,068	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,419,971	19.49	10,594,864	20.91	28,412,200	37.58	8,712,329	40.47	204,883	40.67

STAR Rate Setting
FY2016 Pharmacy Rating Analysis
MRSA West Area-Total

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	68,951		92,014		1,591,989	
Experience Period Cost						
Estimated Incurred Claims	7,364,918	106.81	2,728,812	29.66	47,903,725	30.09
Other Costs/Refunds	-28,655	-0.42	-35,188	-0.38	-668,508	-0.42
Total Cost	7,336,263	106.40	2,693,625	29.27	47,235,217	29.67
Projected FY2016 Member Months	80,727		101,475		1,840,675	
Annual Trend Assumption	3.5 %		3.5 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9986		0.9995			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing	0.9999		1.0002			
Projected Incurred Claims	9,082,395	112.51	3,144,945	30.99	58,660,927	31.87
Administrative Expenses	145,309	1.80	182,655	1.80	3,313,215	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	9,587,225	118.76	3,457,247	34.07	64,388,719	34.98

STAR+PLUS Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Bexar Area

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	266,657		13,924		280,582	
Experience Period Cost						
Estimated Incurred Claims	96,155,319	360.60	8,745,563	628.08	104,900,881	373.87
Other Costs/Refunds	-646,504	-2.42	-34,326	-2.47	-680,830	-2.43
Total Cost	95,508,815	358.17	8,711,237	625.61	104,220,052	371.44
Projected FY2016 Member Months	266,299		14,598		280,896	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9974		0.9975			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	0.9975		0.9972			
Projected Incurred Claims	101,955,049	382.86	9,760,109	668.60	111,715,158	397.71
Administrative Expenses	479,338	1.80	26,276	1.80	505,614	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	106,425,337	399.65	10,167,672	696.52	116,593,009	415.07

STAR+PLUS Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Dallas Area

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	342,695		14,549		357,243	
Experience Period Cost						
Estimated Incurred Claims	110,515,120	322.49	8,789,661	604.15	119,304,781	333.96
Other Costs/Refunds	-1,012,352	-2.95	-44,462	-3.06	-1,056,814	-2.96
Total Cost	109,502,768	319.53	8,745,199	601.09	118,247,967	331.00
Projected FY2016 Member Months	343,689		15,836		359,525	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9982		0.9987			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Projected Incurred Claims	117,779,322	342.69	10,213,552	644.98	127,992,874	356.01
Administrative Expenses	618,641	1.80	28,504	1.80	647,145	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	123,010,870	357.91	10,641,098	671.98	133,651,968	371.75

STAR+PLUS Rate Setting
FY2016 Pharmacy Capitation Rate Summary
El Paso Area

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	80,850		6,736		87,586	
Experience Period Cost						
Estimated Incurred Claims	33,685,961	416.65	5,078,947	754.03	38,764,908	442.59
Other Costs/Refunds	-192,415	-2.38	-15,574	-2.31	-207,989	-2.37
Total Cost	33,493,546	414.27	5,063,373	751.71	38,556,919	440.22
Projected FY2016 Member Months	78,750		8,073		86,823	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9978		0.9985			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	0.9853		0.9939			
Projected Incurred Claims	34,459,521	437.58	6,470,822	801.51	40,930,343	471.42
Administrative Expenses	141,749	1.80	14,532	1.80	156,281	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	35,949,372	456.50	6,738,030	834.61	42,687,402	491.66

STAR+PLUS Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Harris Area

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	560,696		30,755		591,451	
Experience Period Cost						
Estimated Incurred Claims	210,848,101	376.05	22,889,352	744.24	233,737,453	395.19
Other Costs/Refunds	-911,056	-1.62	-45,418	-1.48	-956,474	-1.62
Total Cost	209,937,046	374.42	22,843,933	742.76	232,780,979	393.58
Projected FY2016 Member Months	559,563		31,970		591,533	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9978		0.9981			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	0.9882		0.9983			
Projected Incurred Claims	221,955,673	396.66	25,421,321	795.15	247,376,994	418.20
Administrative Expenses	1,007,213	1.80	57,547	1.80	1,064,759	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	231,649,751	413.98	26,471,551	828.00	258,121,302	436.36

STAR+PLUS Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Hidalgo Area

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	247,452		16,652		264,104	
Experience Period Cost						
Estimated Incurred Claims	86,035,032	347.68	11,755,680	705.98	97,790,712	370.27
Other Costs/Refunds	-425,215	-1.72	-25,076	-1.51	-450,291	-1.70
Total Cost	85,609,817	345.96	11,730,604	704.47	97,340,421	368.57
Projected FY2016 Member Months	240,701		20,069		260,770	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9982		0.9984			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Projected Incurred Claims	89,308,995	371.04	15,165,295	755.67	104,474,290	400.64
Administrative Expenses	433,262	1.80	36,123	1.80	469,385	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	93,238,709	387.36	15,793,681	786.99	109,032,390	418.12

STAR+PLUS Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Jefferson Area

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	107,191		5,033		112,224	
Experience Period Cost						
Estimated Incurred Claims	39,520,675	368.70	3,446,387	684.70	42,967,061	382.87
Other Costs/Refunds	-227,657	-2.12	-13,547	-2.69	-241,205	-2.15
Total Cost	39,293,017	366.57	3,432,839	682.01	42,725,857	380.72
Projected FY2016 Member Months	107,207		5,459		112,666	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9978		0.9987			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	0.9998		1.0000			
Projected Incurred Claims	42,121,621	392.90	3,995,271	731.80	46,116,891	409.32
Administrative Expenses	192,972	1.80	9,827	1.80	202,799	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	43,963,213	410.08	4,161,140	762.18	48,124,354	427.14

STAR+PLUS Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Lubbock Area

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	62,015		2,816		64,830	
Experience Period Cost						
Estimated Incurred Claims	21,944,022	353.85	1,869,036	663.80	23,813,058	367.31
Other Costs/Refunds	-105,017	-1.69	-3,714	-1.32	-108,730	-1.68
Total Cost	21,839,005	352.16	1,865,322	662.48	23,704,327	365.64
Projected FY2016 Member Months	62,135		2,857		64,992	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9983		0.9986			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0005			
Projected Incurred Claims	23,469,529	377.72	2,031,534	711.13	25,501,063	392.37
Administrative Expenses	111,843	1.80	5,142	1.80	116,985	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	24,500,127	394.30	2,116,027	740.70	26,616,154	409.53

STAR+PLUS Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Nueces Area

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	100,211		7,535		107,746	
Experience Period Cost						
Estimated Incurred Claims	36,278,304	362.02	4,936,236	655.09	41,214,540	382.52
Other Costs/Refunds	-148,280	-1.48	-10,919	-1.45	-159,198	-1.48
Total Cost	36,130,025	360.54	4,925,317	653.65	41,055,342	381.04
Projected FY2016 Member Months	98,458		7,824		106,282	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9975		0.9978			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Projected Incurred Claims	38,043,986	386.40	5,482,419	700.73	43,526,405	409.54
Administrative Expenses	177,225	1.80	14,083	1.80	191,307	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	39,710,349	403.32	5,710,651	729.91	45,421,000	427.36

STAR+PLUS Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Tarrant Area

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	194,752		13,032		207,785	
Experience Period Cost						
Estimated Incurred Claims	73,900,204	379.46	10,944,620	839.79	84,844,823	408.33
Other Costs/Refunds	-210,164	-1.08	-15,740	-1.21	-225,904	-1.09
Total Cost	73,690,040	378.38	10,928,880	838.59	84,618,920	407.24
Projected FY2016 Member Months	198,208		13,646		211,855	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9980		0.9982			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	0.9815		0.9935			
Projected Incurred Claims	78,929,134	398.21	12,193,243	893.51	91,122,377	430.12
Administrative Expenses	356,775	1.80	24,564	1.80	381,339	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	82,374,970	415.60	12,693,825	930.20	95,068,795	448.74

STAR+PLUS Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Travis Area

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014						
Member Months	118,852		6,311		125,163	
Experience Period Cost						
Estimated Incurred Claims	44,493,561	374.36	6,465,420	1,024.50	50,958,981	407.14
Other Costs/Refunds	-114,642	-0.96	-6,130	-0.97	-120,772	-0.96
Total Cost	44,378,919	373.40	6,459,290	1,023.52	50,838,209	406.18
Projected FY2016 Member Months	117,023		7,516		124,540	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9976		0.9985			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Projected Incurred Claims	46,834,587	400.22	8,253,221	1,098.03	55,087,807	442.33
Administrative Expenses	210,642	1.80	13,530	1.80	224,171	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	48,878,159	417.68	8,588,831	1,142.68	57,466,991	461.44

STAR+PLUS MRSA Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
MRSA - Central

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	66,346		1,620		169,503	
Experience Period Cost						
Estimated Incurred Claims	21,642,843	326.21	1,098,511	678.19	50,752,241	299.42
Other Costs/Refunds	0	0.00	0	0.00	-54,796	-0.32
Total Cost	21,642,843	326.21	1,098,511	678.19	50,697,445	299.09
Projected FY2016 Member Months	134,535		3,134		137,669	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Seasonality Adjustment	0.9920		0.9920			
Projected Incurred Claims	45,943,250	341.50	2,224,931	709.97	48,168,181	349.88
Administrative Expenses	242,163	1.80	5,641	1.80	247,804	1.80
Risk Margin	2.00 %		2.00 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	47,984,844	356.67	2,317,478	739.50	50,302,322	365.39

STAR+PLUS MRSA Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
MRSA - Northeast

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	103,693		5,928		261,497	
Experience Period Cost						
Estimated Incurred Claims	33,695,977	324.96	4,900,670	826.64	86,760,278	331.78
Other Costs/Refunds	0	0.00	0	0.00	-214,963	-0.82
Total Cost	33,695,977	324.96	4,900,670	826.64	86,545,315	330.96
Projected FY2016 Member Months	209,813		12,078		221,891	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	0.9964		0.9993			
Seasonality Adjustment	0.9920		0.9920			
Projected Incurred Claims	71,118,593	338.96	10,444,589	864.76	81,563,182	367.58
Administrative Expenses	377,663	1.80	21,740	1.80	399,404	1.80
Risk Margin	2.00 %		2.00 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	74,281,824	354.04	10,874,109	900.33	85,155,933	383.77

STAR+PLUS MRSA Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
MRSA - West

	MO OCC		MO CBA		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	73,374		2,609		188,525	
Experience Period Cost						
Estimated Incurred Claims	25,732,077	350.70	1,905,060	730.33	61,368,395	325.52
Other Costs/Refunds	0	0.00	0	0.00	-61,730	-0.33
Total Cost	25,732,077	350.70	1,905,060	730.33	61,306,665	325.19
Projected FY2016 Member Months	147,841		5,054		152,894	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Seasonality Adjustment	0.9920		0.9920			
Projected Incurred Claims	54,276,630	367.13	3,863,901	764.55	58,140,531	380.27
Administrative Expenses	266,113	1.80	9,097	1.80	275,210	1.80
Risk Margin	2.00 %		2.00 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	56,667,785	383.30	4,023,894	796.21	60,691,679	396.95

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Bexar Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	171		8,563		8,735	
Experience Period Cost						
Estimated Incurred Claims	95,563	557.45	3,902,637	455.74	3,998,200	457.73
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	95,563	557.45	3,902,637	455.74	3,998,200	457.73
Projected FY2016 Member Months	359		17,744		18,103	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	211,432	588.28	8,533,567	480.94	8,744,999	483.07
Administrative Expenses	647	1.80	31,938	1.80	32,585	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	220,342	613.07	8,899,226	501.55	9,119,568	503.76

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Dallas Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	123		10,320		10,443	
Experience Period Cost						
Estimated Incurred Claims	51,286	416.44	3,452,499	334.54	3,503,785	335.50
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	51,286	416.44	3,452,499	334.54	3,503,785	335.50
Projected FY2016 Member Months	282		21,422		21,705	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		0.9999			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	124,149	439.47	7,561,975	353.00	7,686,124	354.13
Administrative Expenses	508	1.80	38,560	1.80	39,068	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	129,515	458.47	7,896,659	368.62	8,026,174	369.79

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
El Paso Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	10		2,718		2,728	
Experience Period Cost						
Estimated Incurred Claims	1,564	156.41	1,834,151	674.75	1,835,716	672.85
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	1,564	156.41	1,834,151	674.75	1,835,716	672.85
Projected FY2016 Member Months	25		5,654		5,679	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		0.9990			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	4,054	165.06	4,022,047	711.36	4,026,101	708.99
Administrative Expenses	44	1.80	10,177	1.80	10,222	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	4,258	173.36	4,189,324	740.94	4,193,582	738.49

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Harris Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	345		17,495		17,840	
Experience Period Cost						
Estimated Incurred Claims	176,450	511.15	8,089,550	462.39	8,266,000	463.33
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	176,450	511.15	8,089,550	462.39	8,266,000	463.33
Projected FY2016 Member Months	786		36,186		36,972	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	424,180	539.42	17,657,324	487.96	18,081,504	489.06
Administrative Expenses	1,415	1.80	65,135	1.80	66,550	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	442,177	562.30	18,412,944	508.84	18,855,121	509.98

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Hidalgo Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	107		4,768		4,876	
Experience Period Cost						
Estimated Incurred Claims	28,492	265.56	2,010,381	421.62	2,038,873	418.18
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	28,492	265.56	2,010,381	421.62	2,038,873	418.18
Projected FY2016 Member Months	255		10,143		10,398	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	71,491	280.25	4,512,939	444.93	4,584,430	440.89
Administrative Expenses	459	1.80	18,257	1.80	18,717	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	74,753	293.04	4,707,737	464.14	4,782,490	459.94

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Jefferson Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	40		2,216		2,256	
Experience Period Cost						
Estimated Incurred Claims	15,759	394.55	801,778	361.75	817,537	362.33
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	15,759	394.55	801,778	361.75	817,537	362.33
Projected FY2016 Member Months	91		4,692		4,783	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	37,991	416.36	1,791,075	381.75	1,829,066	382.42
Administrative Expenses	164	1.80	8,445	1.80	8,609	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	39,642	434.46	1,869,631	398.50	1,909,273	399.18

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Lubbock Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	67		3,056		3,123	
Experience Period Cost						
Estimated Incurred Claims	24,718	370.66	1,176,277	384.91	1,200,995	384.61
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	24,718	370.66	1,176,277	384.91	1,200,995	384.61
Projected FY2016 Member Months	165		6,498		6,663	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	64,559	391.15	2,639,318	406.19	2,703,877	405.82
Administrative Expenses	297	1.80	11,696	1.80	11,993	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	67,383	408.26	2,754,300	423.89	2,821,683	423.50

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Nueces Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	27		2,597		2,624	
Experience Period Cost						
Estimated Incurred Claims	7,020	259.44	1,351,284	520.30	1,358,304	517.61
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	7,020	259.44	1,351,284	520.30	1,358,304	517.61
Projected FY2016 Member Months	48		5,516		5,565	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	13,229	273.79	3,028,945	549.07	3,042,175	546.68
Administrative Expenses	87	1.80	9,930	1.80	10,017	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	13,835	286.33	3,157,273	572.34	3,171,108	569.85

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Tarrant Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	208		9,171		9,379	
Experience Period Cost						
Estimated Incurred Claims	61,924	297.53	3,716,982	405.32	3,778,906	402.93
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	61,924	297.53	3,716,982	405.32	3,778,906	402.93
Projected FY2016 Member Months	477		19,417		19,894	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		0.9996			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	149,818	313.98	8,302,115	427.56	8,451,933	424.84
Administrative Expenses	859	1.80	34,951	1.80	35,810	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	156,548	328.08	8,661,887	446.09	8,818,435	443.26

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Travis Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	136		5,686		5,822	
Experience Period Cost						
Estimated Incurred Claims	56,225	414.79	2,716,362	477.71	2,772,587	476.24
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	56,225	414.79	2,716,362	477.71	2,772,587	476.24
Projected FY2016 Member Months	283		11,940		12,223	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	123,678	437.73	6,019,252	504.12	6,142,930	502.59
Administrative Expenses	509	1.80	21,492	1.80	22,001	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	129,025	456.65	6,276,098	525.64	6,405,123	524.04

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
MRSA Central Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	69		4,261		4,330	
Experience Period Cost						
Estimated Incurred Claims	40,794	590.66	1,727,897	405.55	1,768,692	408.50
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	40,794	590.66	1,727,897	405.55	1,768,692	408.50
Projected FY2016 Member Months	161		8,999		9,160	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	100,314	623.32	3,851,345	427.97	3,951,659	431.40
Administrative Expenses	290	1.80	16,198	1.80	16,488	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	104,523	649.47	4,018,227	446.52	4,122,750	450.08

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
MRSA Northeast Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	114		5,762		5,876	
Experience Period Cost						
Estimated Incurred Claims	30,876	271.24	2,300,914	399.31	2,331,790	396.83
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	30,876	271.24	2,300,914	399.31	2,331,790	396.83
Projected FY2016 Member Months	313		12,560		12,873	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		0.9966			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	89,555	286.24	5,274,627	419.96	5,364,182	416.71
Administrative Expenses	563	1.80	22,608	1.80	23,171	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	93,630	299.26	5,503,621	438.19	5,597,250	434.81

STAR+PLUS IDD Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
MRSA West Area

	IDD Age 20 and Under		IDD Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 9/1/2014 - 2/28/2015						
Member Months	96		6,072		6,169	
Experience Period Cost						
Estimated Incurred Claims	45,516	472.60	2,763,162	455.04	2,808,678	455.31
Other Costs/Refunds	0	0.00	0	0.00	0	0.00
Total Cost	45,516	472.60	2,763,162	455.04	2,808,678	455.31
Projected FY2016 Member Months	259		12,810		13,069	
Annual Trend Assumption	4.4 %		4.4 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000			
340B Pricing Adjustment	1.0000		1.0000			
Seasonality Adjustment	1.0000		1.0000			
Projected Incurred Claims	129,310	498.74	6,151,335	480.20	6,280,645	480.57
Administrative Expenses	467	1.80	23,058	1.80	23,525	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	134,833	520.04	6,414,954	500.78	6,549,787	501.16

STAR+PLUS Nursing Facility Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Medicaid Only Clients

	Bexar Area		Dallas Area		El Paso Area		Harris Area		Hidalgo Area	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 10/1/2013 - 9/30/2014										
Member Months	7,274		10,845		729		11,969		2,907	
Estimated Incurred Claims										
Fee-for Service	4,129,063		5,805,847		254,395		7,028,694		1,705,831	
Managed Care	1,046,368		1,746,459		116,025		1,641,184		564,955	
Total	5,175,431	711.50	7,552,306	696.39	370,421	508.12	8,669,879	724.36	2,270,786	781.14
Projected FY2016 Member Months	7,197		10,799		723		11,908		2,885	
Annual Trend Assumption	4.4 %		4.4 %		4.4 %		4.4 %		4.4 %	
Adjustment Factors										
Unlimited Scripts Adjustment	1.0000		1.0000		1.0000		1.0000		1.0000	
PDL Adjustment	0.9942		0.9967		0.9960		0.9959		0.9961	
ADHD Clinical Edit	1.0000		1.0000		1.0000		1.0000		1.0000	
340B Adjustment	1.0000		1.0000		1.0000		1.0000		1.0000	
Managed Care Savings										
Fee-for Service	0.9500		0.9500		0.9500		0.9500		0.9500	
Managed Care	1.0000		1.0000		1.0000		1.0000		1.0000	
Projected Incurred Claims	5,308,376	737.58	7,827,411	724.83	383,736	530.76	8,951,203	751.70	2,346,367	813.30
Administrative Expenses	12,955	1.80	19,438	1.80	1,301	1.80	21,434	1.80	5,193	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	5,528,655	768.19	8,152,570	754.94	400,039	553.30	9,322,221	782.85	2,443,179	846.86

STAR+PLUS Nursing Facility Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Medicaid Only Clients

	Jefferson Area		Lubbock Area		Nueces Area		Tarrant Area		Travis Area	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 10/1/2013 - 9/30/2014										
Member Months	3,003		3,016		2,648		8,719		4,447	
Estimated Incurred Claims										
Fee-for Service	1,666,814		1,898,942		1,504,605		5,369,611		3,750,049	
Managed Care	387,207		437,667		399,931		1,038,534		486,365	
Total	2,054,021	683.99	2,336,609	774.74	1,904,536	719.24	6,408,145	734.96	4,236,414	952.65
Projected FY2016 Member Months	3,003		2,971		2,639		8,660		4,418	
Annual Trend Assumption	4.4 %		4.4 %		4.4 %		4.4 %		4.4 %	
Adjustment Factors										
Unlimited Scripts Adjustment	1.0000		1.0000		1.0000		1.0000		1.0000	
PDL Adjustment	0.9969		0.9964		0.9944		0.9957		0.9965	
ADHD Clinical Edit	1.0000		1.0000		1.0000		1.0000		1.0000	
340B Adjustment	1.0000		1.0000		1.0000		1.0000		1.0000	
Managed Care Savings										
Fee-for Service	0.9500		0.9500		0.9500		0.9500		0.9500	
Managed Care	1.0000		1.0000		1.0000		1.0000		1.0000	
Projected Incurred Claims	2,133,587	710.49	2,389,559	804.29	1,968,845	746.06	6,594,274	761.46	4,353,282	985.35
Administrative Expenses	5,405	1.80	5,348	1.80	4,750	1.80	15,588	1.80	7,952	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	2,222,330	740.04	2,488,215	837.50	2,050,488	776.99	6,867,389	793.00	4,531,152	1,025.61

STAR+PLUS Nursing Facility Expansion Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Medicaid Only Clients

	<u>MRSA Central Area</u>		<u>MRSA Northeast Area</u>		<u>MRSA West Area</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated Experience 10/1/2013 - 9/30/2014						
Member Months	5,946		9,560		6,068	
Estimated Incurred Claims						
Fee-for Service	2,999,650		5,078,722		2,903,153	
Managed Care	711,446		1,704,540		1,019,948	
Total	3,711,096	624.13	6,783,262	709.55	3,923,100	646.52
Projected FY2016 Member Months	5,886		9,555		6,049	
Annual Trend Assumption	4.4 %		4.4 %		4.4 %	
Adjustment Factors						
Unlimited Scripts Adjustment	1.0000		1.0000		1.0000	
PDL Adjustment	0.9945		0.9944		0.9950	
ADHD Clinical Edit	1.0000		1.0000		1.0000	
340B Adjustment	1.0000		1.0000		1.0000	
Managed Care Savings						
Fee-for Service	0.9500		0.9500		0.9500	
Managed Care	1.0000		1.0000		1.0000	
Projected Incurred Claims	3,807,400	646.86	7,047,659	737.59	4,069,669	672.78
Administrative Expenses	10,595	1.80	17,199	1.80	10,888	1.80
Risk Margin	2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,966,748	673.93	7,340,112	768.20	4,239,540	700.87

STAR Health Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Statewide

	STAR Health	
	Amount	pmpm
Estimated Experience 1/1/2014 - 12/31/2014		
Member Months	370,958	
Experience Period Cost		
Estimated Incurred Claims	54,121,847	145.90
Other Costs/Refunds	-14,838	-0.04
Total Cost	54,107,009	145.86
Projected FY2016 Member Months	392,853	
Annual Trend Assumption	3.0 %	
Provider Reimbursement Adjustments		
PDL Changes	0.9959	
ADHD Clinical Edit	0.9988	
340B Pricing Adjustment	0.9996	
Projected Incurred Claims	59,851,461	152.35
Administrative Expenses	707,135	1.80
Risk Margin	2.0 %	
Premium Tax	1.75 %	
Projected Total Cost	62,918,021	160.16

CHIP Rate Setting
FY2016 Prescription Drug Rating Analysis
Bexar Area

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014										
Member Months	323		73,908		255,862		99,834		429,927	
Experience Period Cost										
Estimated Incurred Claims	2,440	7.56	951,489	12.87	7,079,113	27.67	2,733,025	27.38	10,766,067	25.04
Other Costs/Refunds	0	0.00	11,279	0.15	12,647	0.05	6,202	0.06	30,128	0.07
Total Cost	2,440	7.56	962,768	13.03	7,091,760	27.72	2,739,227	27.44	10,796,196	25.11
Projected FY2016 Member Months	12		67,188		176,736		67,404		311,340	
Annual Trend Assumption	5.1 %		5.1 %		5.1 %		5.1 %			
Provider Reimbursement Adjustments										
PDL Changes	0.9864		0.9911		0.9935		0.9921			
ADHD Clinical Edit	1.0000		0.9865		1.0000		1.0000			
340B Pricing	1.0000		1.0000		1.0000		1.0000			
Projected Incurred Claims	97	8.10	929,696	13.84	5,287,442	29.92	1,993,404	29.57	8,210,639	26.37
Administrative Expenses	22	1.80	120,938	1.80	318,125	1.80	121,327	1.80	560,412	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	123	10.28	1,091,568	16.25	5,823,966	32.95	2,197,123	32.60	9,112,781	29.27

CHIP Perinatal Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Bexar Area

	Perinate <198%		Perinate 198-202%		Newborn 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014								
Member Months	19,654		508		43		20,205	
Experience Period Cost								
Estimated Incurred Claims	341,433	17.37	4,855	9.56	0	0.00	346,288	17.14
Other Costs/Refunds	-260	-0.01	-6	-0.01	0	0.00	-266	-0.01
Total Cost	341,173	17.36	4,850	9.55	0	0.00	346,022	17.13
Projected FY2016 Member Months	14,508		408		36		14,952	
Annual Trend Assumption	5.1 %		5.1 %		5.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9992		0.9940		0.9574			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
340B Pricing	0.9997		1.0000		1.0000			
Projected Incurred Claims	273,311	18.84	4,206	10.31	0	0.00	277,517	18.56
Administrative Expenses	26,114	1.80	734	1.80	65	1.80	26,914	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	311,092	21.44	12,101	29.66	260	7.21	323,452	21.63

CHIP Perinatal Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Dallas Area

	Perinate <198%		Perinate 198-202%		Newborn 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014								
Member Months	81,573		1,310		153		83,036	
Experience Period Cost								
Estimated Incurred Claims	698,547	8.56	25,356	19.36	320	2.09	724,223	8.72
Other Costs/Refunds	-7,774	-0.10	-213	-0.16	-44	-0.29	-8,032	-0.10
Total Cost	690,773	8.47	25,143	19.19	276	1.80	716,192	8.63
Projected FY2016 Member Months	60,528		1,092		132		61,752	
Annual Trend Assumption	5.1 %		5.1 %		5.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9989		1.0004		0.9996			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
340B Pricing	1.0125		1.0002		1.0000			
Projected Incurred Claims	563,205	9.30	22,784	20.86	258	1.96	586,248	9.49
Administrative Expenses	108,950	1.80	1,966	1.80	238	1.80	111,154	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	698,344	11.54	32,389	29.66	952	7.21	731,684	11.85

CHIP Perinatal Rate Setting
FY2016 Pharmacy Capitation Rate Summary
El Paso Area

	Perinate <198%		Perinate 198-202%		Newborn 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014								
Member Months	12,328		177		31		12,536	
Experience Period Cost								
Estimated Incurred Claims	300,623	24.39	5,176	29.24	700	22.59	306,499	24.45
Other Costs/Refunds	0	0.00	0	0.00	0	0.00	0	0.00
Total Cost	300,623	24.39	5,176	29.24	700	22.59	306,499	24.45
Projected FY2016 Member Months	8,232		192		24		8,448	
Annual Trend Assumption	5.1 %		5.1 %		5.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9997		1.0000		0.9925			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
340B Pricing	1.0214		1.0000		1.0000			
Projected Incurred Claims	222,692	27.05	6,100	31.77	584	24.35	229,377	27.15
Administrative Expenses	14,818	1.80	346	1.80	43	1.80	15,206	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	246,764	29.98	5,695	29.66	173	7.21	252,631	29.90

CHIP Perinatal Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Harris Area

	Perinate <198%		Perinate 198-202%		Newborn 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014								
Member Months	138,776		2,227		313		141,316	
Experience Period Cost								
Estimated Incurred Claims	4,107,465	29.60	70,492	31.65	194	0.62	4,178,151	29.57
Other Costs/Refunds	-3,905	-0.03	-67	-0.03	-6	-0.02	-3,978	-0.03
Total Cost	4,103,560	29.57	70,425	31.62	189	0.60	4,174,173	29.54
Projected FY2016 Member Months	109,740		2,016		168		111,924	
Annual Trend Assumption	5.1 %		5.1 %		5.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9996		1.0001		0.9964			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
340B Pricing	0.9950		0.9995		1.0000			
Projected Incurred Claims	3,506,430	31.95	69,235	34.34	110	0.65	3,575,775	31.95
Administrative Expenses	197,532	1.80	3,629	1.80	302	1.80	201,463	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	3,848,272	35.07	59,795	29.66	1,211	7.21	3,909,278	34.93

CHIP Perinatal Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Jefferson Area

	Perinate <198%		Perinate 198-202%		Newborn 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014								
Member Months	5,940		151		3		6,094	
Experience Period Cost								
Estimated Incurred Claims	106,658	17.96	3,268	21.64	0	0.00	109,926	18.04
Other Costs/Refunds	-1,148	-0.19	-46	-0.31	0	0.00	-1,194	-0.20
Total Cost	105,510	17.76	3,221	21.33	0	0.00	108,731	17.84
Projected FY2016 Member Months	4,836		132		12		4,980	
Annual Trend Assumption	5.1 %		5.1 %		5.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9994		1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
340B Pricing	0.9998		1.0000		1.0000			
Projected Incurred Claims	93,250	19.28	3,060	23.18	0	0.00	96,310	19.34
Administrative Expenses	8,705	1.80	238	1.80	22	1.80	8,964	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	105,927	21.90	3,915	29.66	87	7.21	109,929	22.07

CHIP Perinatal Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Lubbock Area

	Perinate <198%		Perinate 198-202%		Newborn 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014								
Member Months	5,061		161		58		5,280	
Experience Period Cost								
Estimated Incurred Claims	112,930	22.31	1,557	9.67	44	0.76	114,531	21.69
Other Costs/Refunds	0	0.00	0	0.00	0	0.00	0	0.00
Total Cost	112,930	22.31	1,557	9.67	44	0.76	114,531	21.69
Projected FY2016 Member Months	4,224		108		36		4,368	
Annual Trend Assumption	5.1 %		5.1 %		5.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9994		1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
340B Pricing	1.0000		1.0000		1.0000			
Projected Incurred Claims	102,339	24.23	1,135	10.51	30	0.83	103,504	23.70
Administrative Expenses	7,603	1.80	194	1.80	65	1.80	7,862	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	114,226	27.04	3,203	29.66	260	7.21	117,689	26.94

CHIP Perinatal Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Nueces Area

	Perinate <198%		Perinate 198-202%		Newborn 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014								
Member Months	3,610		130		18		3,758	
Experience Period Cost								
Estimated Incurred Claims	106,806	29.59	3,127	24.05	3	0.19	109,936	29.25
Other Costs/Refunds	141	0.04	31	0.24	7	0.39	179	0.05
Total Cost	106,947	29.63	3,158	24.29	10	0.58	110,115	29.30
Projected FY2016 Member Months	2,844		132		36		3,012	
Annual Trend Assumption	5.1 %		5.1 %		5.1 %			
Provider Reimbursement Adjustments								
PDL Changes	1.0000		1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
340B Pricing	1.0000		1.0000		1.0000			
Projected Incurred Claims	91,536	32.19	3,484	26.39	22	0.62	95,043	31.55
Administrative Expenses	5,119	1.80	238	1.80	65	1.80	5,422	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	100,421	35.31	3,915	29.66	260	7.21	104,596	34.73

CHIP Perinatal Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Tarrant Area

	Perinate <198%		Perinate 198-202%		Newborn 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014								
Member Months	42,614		761		94		43,469	
Experience Period Cost								
Estimated Incurred Claims	1,193,700	28.01	27,016	35.50	263	2.79	1,220,979	28.09
Other Costs/Refunds	-4,735	-0.11	-88	-0.12	-4	-0.04	-4,826	-0.11
Total Cost	1,188,966	27.90	26,929	35.39	259	2.75	1,216,154	27.98
Projected FY2016 Member Months	30,108		720		72		30,900	
Annual Trend Assumption	5.1 %		5.1 %		5.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9993		0.9973		0.9983			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
340B Pricing	0.9999		1.0000		1.0000			
Projected Incurred Claims	911,918	30.29	27,606	38.34	215	2.99	939,739	30.41
Administrative Expenses	54,194	1.80	1,296	1.80	130	1.80	55,620	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	1,003,754	33.34	21,355	29.66	519	7.21	1,025,628	33.19

CHIP Perinatal Rate Setting
FY2016 Pharmacy Capitation Rate Summary
Travis Area

	Perinate <198%		Perinate 198-202%		Newborn 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014								
Member Months	29,327		465		88		29,880	
Experience Period Cost								
Estimated Incurred Claims	441,184	15.04	4,486	9.65	3,065	34.83	448,735	15.02
Other Costs/Refunds	0	0.00	0	0.00	0	0.00	0	0.00
Total Cost	441,184	15.04	4,486	9.65	3,065	34.83	448,735	15.02
Projected FY2016 Member Months	23,136		360		36		23,532	
Annual Trend Assumption	5.1 %		5.1 %		5.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9985		0.9964		0.9993			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
340B Pricing	0.9816		0.9722		1.0000			
Projected Incurred Claims	370,619	16.02	3,655	10.15	1,361	37.81	375,635	15.96
Administrative Expenses	41,645	1.80	648	1.80	65	1.80	42,358	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	428,326	18.51	10,678	29.66	260	7.21	439,263	18.67

CHIP Perinatal Rate Setting
FY2016 Pharmacy Capitation Rate Summary
RSA Area

	Perinate <198%		Perinate 198-202%		Newborn 198-202%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2014 - 12/31/2014								
Member Months	101,310		1,682		194		103,186	
Experience Period Cost								
Estimated Incurred Claims	2,522,906	24.90	37,964	22.57	1,225	6.31	2,562,095	24.83
Other Costs/Refunds	913	0.01	0	0.00	16	0.08	929	0.01
Total Cost	2,523,819	24.91	37,964	22.57	1,241	6.40	2,563,024	24.84
Projected FY2016 Member Months	76,716		1,464		144		78,324	
Annual Trend Assumption	5.1 %		5.1 %		5.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9993		0.9995		0.9979			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
340B Pricing	1.0000		1.0000		1.0000			
Projected Incurred Claims	2,074,876	27.05	35,882	24.51	999	6.94	2,111,757	26.96
Administrative Expenses	138,089	1.80	2,635	1.80	259	1.80	140,983	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	2,299,185	29.97	43,422	29.66	1,038	7.21	2,343,645	29.92

Attachment 3

Trend Analysis

The pharmacy rating methodology uses assumed trend factors to adjust the base period (generally January 1, 2014 through December 31, 2014) claims cost to the rating period (FY2016). The cost trend factors used in this analysis are a combination of utilization and inflation components. The trend rate assumptions were developed by the actuary based on an analysis of recent pharmacy claims experience under the various Medicaid and CHIP programs and the actuary's judgment regarding anticipated future cost changes. The trend rate assumption varies by program but is the same for all service areas.

The trend analysis included a review of managed care claims experience data paid through March 31, 2015. Based on this information, estimates of monthly incurred claims were determined through February 2015. The per-capita claims cost and trend experience was reviewed separately by program, service area and risk group. The service area trends were then combined into a statewide average using a weighted average formula with current enrollment as the weights.

The trend assumptions for the remainder of FY2015 and all of FY2016 were developed using the following formulas:

For STAR, the trend assumption equals the average of the quarterly cost trends for the period March 1, 2014 through February 28, 2015. A single annual trend assumption (3.5%) was used for all risk groups.

For STAR+PLUS, the trend assumption equals the average of the quarterly cost trends for the period March 1, 2013 through February 28, 2015. A single annual trend assumption (4.4%) was used for all risk groups, including the MRSA expansion areas and IDD and nursing facility clients.

For STAR Health, the trend assumption equals the maximum of (i) the average of the quarterly cost trends for the period March 1, 2013 through February 28, 2015 and (ii) 3.0%. A single annual trend assumption (3.0%) was used for all STAR Health clients.

For CHIP, the trend assumption equals the average of the quarterly cost trends for the period March 1, 2013 through February 28, 2015. A single trend assumption (5.1%) was used for both CHIP and CHIP Perinatal and all risk groups.

The attached exhibits present the derivation of the trend assumptions for each program.

Exhibit A – STAR Program

Exhibit B – STAR+PLUS Program

Exhibit C – STAR Health Program

Exhibit D – CHIP and CHIP Perinatal Programs

FY2016 Pharmacy Rating Analysis
 Historical Trend in Incurred Pharmacy Claims pmpm
 STAR Program

Experience Period	Children <1	Children 1-5	Children 6-14	Children 15-18	Children 19-20	TANF Adults	Pregnant Women	Total
Member Months								
3/12-5/12	670,193	2,413,201	2,788,740	759,144	23,439	260,567	305,294	7,220,578
6/12-8/12	706,387	2,486,141	2,920,246	796,262	25,941	287,018	321,991	7,543,986
9/12-11/12	698,741	2,441,853	2,909,583	787,976	24,361	293,973	312,681	7,469,168
12/12-2/13	699,620	2,444,112	2,955,910	798,516	24,732	297,584	305,206	7,525,680
3/13-5/13	703,760	2,410,978	2,937,504	791,633	24,366	290,366	314,928	7,473,535
6/13-8/13	697,500	2,392,090	2,957,546	796,728	23,727	287,245	326,907	7,481,743
9/13-11/13	698,166	2,346,160	2,936,104	787,043	21,935	283,743	325,475	7,398,626
12/13-2/14	686,759	2,283,311	2,904,147	776,789	20,848	268,086	307,814	7,247,754
3/14-5/14	698,388	2,277,343	3,006,335	811,347	20,221	281,467	328,334	7,423,435
6/14-8/14	712,475	2,409,741	3,382,975	941,259	20,329	333,177	349,024	8,148,979
9/14-11/14	719,602	2,551,638	3,719,102	1,055,155	20,863	372,113	356,498	8,794,970
12/14-2/15	716,462	2,546,385	3,814,670	1,096,838	19,109	374,655	337,375	8,905,494
3/14-2/15	2,846,927	9,785,107	13,923,081	3,904,599	80,522	1,361,412	1,371,231	33,272,878
Number of Days Supply								
3/12-5/12	6,214,221	21,438,078	25,956,095	7,045,888	235,939	8,681,990	5,237,861	74,810,072
6/12-8/12	5,181,433	16,404,585	21,321,129	6,330,395	255,017	9,732,215	5,690,666	64,915,440
9/12-11/12	6,600,075	23,584,849	27,388,545	7,608,174	243,189	10,156,530	5,488,987	81,070,349
12/12-2/13	7,445,931	24,458,622	27,909,691	7,505,142	245,695	10,103,805	5,365,115	83,034,001
3/13-5/13	6,610,774	21,708,776	27,675,569	7,648,940	262,559	10,668,462	5,829,487	80,404,567
6/13-8/13	4,818,917	15,084,165	21,275,458	6,272,611	236,597	10,281,823	5,844,300	63,813,871
9/13-11/13	5,986,789	20,950,223	26,728,103	7,578,320	221,557	10,349,318	5,788,897	77,603,207
12/13-2/14	6,787,520	21,001,165	25,802,212	7,265,811	215,048	9,839,889	5,385,082	76,296,727
3/14-5/14	6,148,272	20,334,870	28,422,695	7,875,412	198,443	10,460,699	5,767,083	79,207,474
6/14-8/14	4,772,938	15,204,251	24,248,880	7,374,606	186,595	11,762,610	6,289,003	69,838,883
9/14-11/14	5,962,641	22,913,147	34,080,218	9,851,830	187,275	12,850,932	6,253,383	92,099,426
12/14-2/15	6,805,639	23,602,923	34,590,578	10,054,448	177,813	13,018,761	5,933,594	94,183,756
3/14-2/15	23,689,490	82,055,191	121,342,371	35,156,296	750,126	48,093,002	24,243,063	335,329,539
Number of Days Supply pmpm								
3/12-5/12	9.272	8.884	9.307	9.281	10.066	33.320	17.157	10.361
6/12-8/12	7.335	6.598	7.301	7.950	9.831	33.908	17.673	8.605
9/12-11/12	9.446	9.659	9.413	9.655	9.983	34.549	17.555	10.854
12/12-2/13	10.643	10.007	9.442	9.399	9.934	33.953	17.579	11.033
3/13-5/13	9.394	9.004	9.421	9.662	10.776	36.741	18.511	10.759
6/13-8/13	6.909	6.306	7.194	7.873	9.972	35.795	17.878	8.529
9/13-11/13	8.575	8.930	9.103	9.629	10.101	36.474	17.786	10.489
12/13-2/14	9.883	9.198	8.885	9.354	10.315	36.704	17.495	10.527
3/14-5/14	8.804	8.929	9.454	9.707	9.814	37.165	17.565	10.670
6/14-8/14	6.699	6.309	7.168	7.835	9.179	35.304	18.019	8.570
9/14-11/14	8.286	8.980	9.164	9.337	8.976	34.535	17.541	10.472
12/14-2/15	9.499	9.269	9.068	9.167	9.305	34.749	17.588	10.576

FY2016 Pharmacy Rating Analysis
 Historical Trend in Incurred Pharmacy Claims pmpm
 STAR Program

Experience Period	Children <1	Children 1-5	Children 6-14	Children 15-18	Children 19-20	TANF Adults	Pregnant Women	Total
Trend in Number of Days Supply pmpm								
3/13-5/13	1.3 %	1.4 %	1.2 %	4.1 %	7.0 %	10.3 %	7.9 %	3.8 %
6/13-8/13	-5.8 %	-4.4 %	-1.5 %	-1.0 %	1.4 %	5.6 %	1.2 %	-0.9 %
9/13-11/13	-9.2 %	-7.5 %	-3.3 %	-0.3 %	1.2 %	5.6 %	1.3 %	-3.4 %
12/13-2/14	-7.1 %	-8.1 %	-5.9 %	-0.5 %	3.8 %	8.1 %	-0.5 %	-4.6 %
3/14-5/14	-6.3 %	-0.8 %	0.3 %	0.5 %	-8.9 %	1.2 %	-5.1 %	-0.8 %
6/14-8/14	-3.0 %	0.1 %	-0.4 %	-0.5 %	-7.9 %	-1.4 %	0.8 %	0.5 %
9/14-11/14	-3.4 %	0.6 %	0.7 %	-3.0 %	-11.1 %	-5.3 %	-1.4 %	-0.2 %
12/14-2/15	-3.9 %	0.8 %	2.1 %	-2.0 %	-9.8 %	-5.3 %	0.5 %	0.5 %
Incurred Claim Amounts								
3/12-5/12	19,575,269	67,878,197	102,300,837	25,122,064	571,369	22,877,952	9,973,612	248,299,300
6/12-8/12	10,929,401	49,848,944	88,178,402	23,188,744	573,563	25,168,824	11,028,980	208,916,857
9/12-11/12	19,086,438	65,168,261	99,629,673	25,649,423	575,474	26,019,400	11,207,317	247,335,985
12/12-2/13	30,387,029	76,006,173	108,332,925	26,182,298	585,346	26,391,425	11,250,990	279,136,185
3/13-5/13	16,658,738	58,569,653	101,614,175	25,782,846	619,573	27,585,609	12,179,989	243,010,582
6/13-8/13	9,819,688	40,484,353	83,901,976	23,476,428	613,256	27,431,484	12,645,142	198,372,327
9/13-11/13	17,564,846	54,582,529	98,622,484	27,537,903	598,718	27,168,235	12,408,843	238,483,558
12/13-2/14	27,955,652	64,165,751	103,761,958	28,614,976	633,463	27,053,258	12,158,778	264,343,837
3/14-5/14	14,862,289	54,791,696	110,207,323	29,660,985	627,799	27,394,841	13,248,073	250,793,005
6/14-8/14	9,403,707	41,798,188	99,261,316	30,058,531	576,414	30,776,838	14,254,098	226,129,092
9/14-11/14	15,510,242	61,977,198	131,988,314	37,421,447	601,892	34,367,197	14,839,765	296,706,055
12/14-2/15	24,006,170	76,177,044	152,527,756	40,819,083	742,590	36,343,707	15,334,957	345,951,307
3/14-2/15	63,782,409	#####	493,984,710	137,960,045	2,548,694	128,882,583	57,676,892	1,119,579,459
Incurred Claim Amounts pmpm								
3/12-5/12	29.208	28.128	36.684	33.093	24.377	87.801	32.669	34.388
6/12-8/12	15.472	20.051	30.196	29.122	22.110	87.691	34.252	27.693
9/12-11/12	27.315	26.688	34.242	32.551	23.623	88.509	35.843	33.114
12/12-2/13	43.434	31.098	36.650	32.789	23.668	88.686	36.864	37.091
3/13-5/13	23.671	24.293	34.592	32.569	25.428	95.003	38.675	32.516
6/13-8/13	14.078	16.924	28.369	29.466	25.846	95.499	38.681	26.514
9/13-11/13	25.159	23.265	33.590	34.989	27.295	95.749	38.125	32.233
12/13-2/14	40.707	28.102	35.729	36.838	30.385	100.913	39.500	36.473
3/14-5/14	21.281	24.059	36.658	36.558	31.047	97.329	40.349	33.784
6/14-8/14	13.199	17.346	29.341	31.934	28.355	92.374	40.840	27.749
9/14-11/14	21.554	24.289	35.489	35.465	28.850	92.357	41.626	33.736
12/14-2/15	33.507	29.916	39.985	37.215	38.861	97.006	45.454	38.847
Trend in Incurred Claim Amounts pmpm								
3/13-5/13	-19.0 %	-13.6 %	-5.7 %	-1.6 %	4.3 %	8.2 %	18.4 %	-5.4 %
6/13-8/13	-9.0 %	-15.6 %	-6.0 %	1.2 %	16.9 %	8.9 %	12.9 %	-4.3 %
9/13-11/13	-7.9 %	-12.8 %	-1.9 %	7.5 %	15.5 %	8.2 %	6.4 %	-2.7 %
12/13-2/14	-6.3 %	-9.6 %	-2.5 %	12.3 %	28.4 %	13.8 %	7.2 %	-1.7 %
3/14-5/14	-10.1 %	-1.0 %	6.0 %	12.2 %	22.1 %	2.4 %	4.3 %	3.9 %
6/14-8/14	-6.2 %	2.5 %	3.4 %	8.4 %	9.7 %	-3.3 %	5.6 %	4.7 %
9/14-11/14	-14.3 %	4.4 %	5.7 %	1.4 %	5.7 %	-3.5 %	9.2 %	4.7 %
12/14-2/15	-17.7 %	6.5 %	11.9 %	1.0 %	27.9 %	-3.9 %	15.1 %	6.5 %

Average Trend Last 12 Months

Case-Mix
Adjusted

10.485
8.696
10.882
11.045
10.820
8.605
10.549
10.614
10.743
8.557
10.438
10.578

Case-Mix
Adjusted

3.2 %
-1.0 %
-3.1 %
-3.9 %
-0.7 %
-0.6 %
-1.1 %
-0.3 %

35.003
28.326
33.490
37.251
33.009
27.075
32.711
36.852
34.247
27.787
33.564
38.700

-5.7 %
-4.4 %
-2.3 %
-1.1 %
3.7 %
2.6 %
2.6 %
5.0 %

3.5 %

FY2016 Pharmacy Rating Analysis
 Historical Trend in Incurred VDP Claims pmpm
 STAR+PLUS Program

Experience Period	OCC	HCBS	Total	Case-Mix Adjusted
Member Months				
3/12-5/12	501,072	22,014	523,086	
6/12-8/12	513,862	22,402	536,264	
9/12-11/12	518,651	22,776	541,427	
12/12-2/13	519,557	23,404	542,961	
3/13-5/13	520,828	24,269	545,097	
6/13-8/13	521,211	25,093	546,304	
9/13-11/13	522,213	26,384	548,597	
12/13-2/14	520,174	27,295	547,469	
3/14-5/14	518,941	28,113	547,054	
6/14-8/14	520,343	29,540	549,883	
9/14-11/14	521,402	30,923	552,324	
12/14-2/15	522,322	31,752	554,074	
3/14-2/15	2,083,008	120,328	2,203,336	
Number of Days Supply				
3/12-5/12	42,336,284	3,856,925	46,193,209	
6/12-8/12	46,972,120	4,235,183	51,207,303	
9/12-11/12	48,238,902	4,316,823	52,555,725	
12/12-2/13	47,605,508	4,353,063	51,958,571	
3/13-5/13	49,548,283	4,652,391	54,200,674	
6/13-8/13	49,577,429	4,860,482	54,437,911	
9/13-11/13	49,233,232	5,075,507	54,308,739	
12/13-2/14	48,695,259	5,212,111	53,907,370	
3/14-5/14	50,141,933	5,543,094	55,685,027	
6/14-8/14	49,867,829	5,769,395	55,637,224	
9/14-11/14	48,145,598	5,857,723	54,003,321	
12/14-2/15	49,109,098	6,091,622	55,200,720	
3/14-2/15	197,264,458	23,261,834	220,526,292	
Number of Days Supply pmpm				
3/12-5/12	84.491	175.203	88.309	89.445
6/12-8/12	91.410	189.054	95.489	96.742
9/12-11/12	93.008	189.534	97.069	98.280
12/12-2/13	91.627	185.997	95.695	96.781
3/13-5/13	95.134	191.701	99.433	100.407
6/13-8/13	95.120	193.699	99.648	100.503
9/13-11/13	94.278	192.371	98.996	99.635
12/13-2/14	93.613	190.955	98.467	98.929
3/14-5/14	96.624	197.172	101.791	102.115
6/14-8/14	95.836	195.306	101.180	101.269
9/14-11/14	92.339	189.432	97.775	97.641
12/14-2/15	94.021	191.851	99.627	99.363

FY2016 Pharmacy Rating Analysis
Historical Trend in Incurred VDP Claims pmpm
STAR+PLUS Program

Experience Period	OCC	HCBS	Total	Case-Mix Adjusted
Trend in Number of Days Supply pmpm				
3/13-5/13	12.6 %	9.4 %	12.6 %	12.3 %
6/13-8/13	4.1 %	2.5 %	4.4 %	3.9 %
9/13-11/13	1.4 %	1.5 %	2.0 %	1.4 %
12/13-2/14	2.2 %	2.7 %	2.9 %	2.2 %
3/14-5/14	1.6 %	2.9 %	2.4 %	1.7 %
6/14-8/14	0.8 %	0.8 %	1.5 %	0.8 %
9/14-11/14	-2.1 %	-1.5 %	-1.2 %	-2.0 %
12/14-2/15	0.4 %	0.5 %	1.2 %	0.4 %
Incurred Claims Amounts				
3/12-5/12	163,794,366	15,029,986	178,824,352	
6/12-8/12	171,027,227	15,441,760	186,468,987	
9/12-11/12	173,645,618	15,414,372	189,059,990	
12/12-2/13	172,988,557	15,508,347	188,496,905	
3/13-5/13	181,925,508	17,166,914	199,092,422	
6/13-8/13	182,563,925	18,190,749	200,754,674	
9/13-11/13	180,491,574	18,728,821	199,220,395	
12/13-2/14	184,977,594	20,377,638	205,355,232	
3/14-5/14	184,421,081	20,949,451	205,370,532	
6/14-8/14	186,400,091	22,474,835	208,874,926	
9/14-11/14	180,066,232	22,729,535	202,795,767	
12/14-2/15	189,589,834	24,453,963	214,043,797	
3/14-2/15	740,477,239	90,607,784	831,085,022	
Incurred Claim Amounts pmpm				
3/12-5/12	326.888	682.747	341.864	346.322
6/12-8/12	332.827	689.303	347.719	352.295
9/12-11/12	334.802	676.781	349.188	353.478
12/12-2/13	332.954	662.637	347.165	350.958
3/13-5/13	349.301	707.360	365.242	368.855
6/13-8/13	350.269	724.933	367.478	370.730
9/13-11/13	345.628	709.855	363.145	365.519
12/13-2/14	355.607	746.570	375.099	376.958
3/14-5/14	355.380	745.187	375.412	376.668
6/14-8/14	358.226	760.818	379.853	380.212
9/14-11/14	345.350	735.046	367.168	366.632
12/14-2/15	362.975	770.157	386.309	385.212
Trend in Incurred Claim Amounts pmpm				
3/13-5/13	6.9 %	3.6 %	6.8 %	6.5 %
6/13-8/13	5.2 %	5.2 %	5.7 %	5.2 %
9/13-11/13	3.2 %	4.9 %	4.0 %	3.4 %
12/13-2/14	6.8 %	12.7 %	8.0 %	7.4 %
3/14-5/14	1.7 %	5.3 %	2.8 %	2.1 %
6/14-8/14	2.3 %	5.0 %	3.4 %	2.6 %
9/14-11/14	-0.1 %	3.5 %	1.1 %	0.3 %
12/14-2/15	2.1 %	3.2 %	3.0 %	2.2 %

Average Trend Last 24 Months 4.4 %

FY2016 Pharmacy Rating Analysis
 Historical Trend in Incurred VDP Claims pmpm
 STAR Health Program

Experience Period	Members	Scripts	Days Supply	Incurred Claims	Amount of:			Trend in:		
					Scripts pmpm	Days pmpm	Cost pmpm	Scripts pmpm	Days pmpm	Cost pmpm
3/12-5/12	93,301	135,416	3,239,238	15,593,586	1.451	34.72	167.13			
6/12-8/12	92,760	126,293	3,089,598	13,803,667	1.362	33.31	148.81			
9/12-11/12	91,734	134,337	3,175,485	13,796,587	1.464	34.62	150.40			
12/12-2/13	89,602	136,485	3,140,050	14,593,605	1.523	35.04	162.87			
3/13-5/13	90,238	133,499	3,197,830	13,134,232	1.479	35.44	145.55	1.019	1.021	0.871
6/13-8/13	91,942	119,084	2,936,569	12,323,724	1.295	31.94	134.04	0.951	0.959	0.901
9/13-11/13	92,491	127,709	3,040,513	12,746,882	1.381	32.87	137.82	0.943	0.950	0.916
12/13-2/14	90,885	128,975	3,032,253	13,877,806	1.419	33.36	152.70	0.932	0.952	0.938
3/14-5/14	91,960	127,498	3,038,950	12,878,574	1.386	33.05	140.05	0.937	0.933	0.962
6/14-8/14	93,380	113,684	2,792,150	12,122,187	1.217	29.90	129.82	0.940	0.936	0.968
9/14-11/14	94,192	125,490	2,952,854	13,114,748	1.332	31.35	139.23	0.965	0.954	1.010
12/14-2/15	92,298	129,815	2,977,798	14,816,069	1.406	32.26	160.52	0.991	0.967	1.051
Average Trend Last 12 Months										-0.2 %
Selected Trend Assumption										3.0 %

FY2016 Pharmacy Rating Analysis
 Historical Trend in Incurred Pharmacy Claims pmpm
 CHIP Program

Experience Period	Children <1	Children 1-5	Children 6-14	Children 15-18	Total	Case-Mix Adjusted
Member Months						
3/12-5/12	3,655	283,040	1,024,103	371,559	1,682,357	
6/12-8/12	3,630	285,215	1,028,391	374,861	1,692,097	
9/12-11/12	3,472	293,501	1,066,322	380,745	1,744,040	
12/12-2/13	3,340	297,619	1,087,089	382,344	1,770,392	
3/13-5/13	3,577	302,628	1,100,308	385,724	1,792,237	
6/13-8/13	3,870	308,566	1,112,111	390,815	1,815,362	
9/13-11/13	2,943	302,823	1,098,050	385,641	1,789,457	
12/13-2/14	2,180	275,491	1,048,301	366,088	1,692,060	
3/14-5/14	1,633	252,836	916,376	324,019	1,494,864	
6/14-8/14	785	241,408	771,839	281,921	1,295,953	
9/14-11/14	339	217,386	628,130	230,375	1,076,230	
12/14-2/15	190	218,161	568,623	201,601	988,575	
3/14-2/15	2,947	929,791	2,884,968	1,037,916	4,855,622	
Number of Days Supply						
3/12-5/12	24,178	1,445,446	6,254,453	2,204,232	9,928,309	
6/12-8/12	19,628	1,053,303	4,845,595	1,952,901	7,871,427	
9/12-11/12	20,417	1,545,223	6,236,217	2,271,436	10,073,293	
12/12-2/13	22,603	1,717,364	6,622,723	2,290,391	10,653,081	
3/13-5/13	22,815	1,642,868	6,825,809	2,390,176	10,881,668	
6/13-8/13	18,550	1,121,927	5,290,712	2,097,568	8,528,757	
9/13-11/13	15,061	1,550,477	6,617,051	2,354,155	10,536,744	
12/13-2/14	10,067	1,510,910	6,186,081	2,177,701	9,884,759	
3/14-5/14	7,752	1,424,470	5,854,402	2,023,147	9,309,771	
6/14-8/14	2,882	913,599	3,659,109	1,473,360	6,048,950	
9/14-11/14	2,205	1,169,368	3,773,876	1,369,124	6,314,573	
12/14-2/15	1,770	1,297,550	3,532,575	1,214,693	6,046,588	
3/14-2/15	14,609	4,804,987	16,819,962	6,080,324	27,719,882	
Number of Days Supply pmpm						
3/12-5/12	6.615	5.107	6.107	5.932	5.901	5.879
6/12-8/12	5.407	3.693	4.712	5.210	4.652	4.624
9/12-11/12	5.880	5.265	5.848	5.966	5.776	5.762
12/12-2/13	6.767	5.770	6.092	5.990	6.017	6.009
3/13-5/13	6.378	5.429	6.204	6.197	6.072	6.054
6/13-8/13	4.793	3.636	4.757	5.367	4.698	4.673
9/13-11/13	5.118	5.120	6.026	6.105	5.888	5.869
12/13-2/14	4.618	5.484	5.901	5.949	5.842	5.831
3/14-5/14	4.747	5.634	6.389	6.244	6.228	6.212
6/14-8/14	3.671	3.784	4.741	5.226	4.668	4.661
9/14-11/14	6.504	5.379	6.008	5.943	5.867	5.874
12/14-2/15	9.316	5.948	6.213	6.025	6.116	6.124

FY2016 Pharmacy Rating Analysis
Historical Trend in Incurred Pharmacy Claims pmpm
CHIP Program

Experience Period	Children <1	Children 1-5	Children 6-14	Children 15-18	Total	Case-Mix Adjusted
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Trend in Number of Days Supply pmpm

3/13-5/13	-3.6 %	6.3 %	1.6 %	4.5 %	2.9 %	3.0 %
6/13-8/13	-11.4 %	-1.5 %	1.0 %	3.0 %	1.0 %	1.1 %
9/13-11/13	-13.0 %	-2.7 %	3.0 %	2.3 %	1.9 %	1.9 %
12/13-2/14	-31.8 %	-5.0 %	-3.1 %	-0.7 %	-2.9 %	-3.0 %
3/14-5/14	-25.6 %	3.8 %	3.0 %	0.8 %	2.6 %	2.6 %
6/14-8/14	-23.4 %	4.1 %	-0.3 %	-2.6 %	-0.6 %	-0.3 %
9/14-11/14	27.1 %	5.1 %	-0.3 %	-2.6 %	-0.4 %	0.1 %
12/14-2/15	101.7 %	8.4 %	5.3 %	1.3 %	4.7 %	5.0 %

Incurred Claim Amounts

3/12-5/12	64,894	4,584,292	28,447,412	9,507,835	42,604,434
6/12-8/12	49,264	3,418,390	23,073,394	9,063,208	35,604,256
9/12-11/12	48,293	4,361,085	27,361,417	9,579,135	41,349,930
12/12-2/13	66,666	5,798,493	29,574,637	9,986,381	45,426,177
3/13-5/13	55,694	5,137,460	29,423,272	10,735,449	45,351,875
6/13-8/13	46,886	3,690,269	24,462,428	10,358,365	38,557,947
9/13-11/13	32,437	4,826,760	28,995,627	10,605,517	44,460,340
12/13-2/14	30,548	5,148,225	29,937,545	10,470,803	45,587,120
3/14-5/14	18,305	4,054,146	26,975,931	9,428,628	40,477,010
6/14-8/14	6,188	3,157,728	18,396,665	7,578,798	29,139,379
9/14-11/14	4,324	4,153,707	16,999,342	6,451,597	27,608,970
12/14-2/15	2,712	4,837,130	17,549,147	6,238,652	28,627,641
3/14-2/15	31,528	16,202,710	79,921,086	29,697,675	125,852,999

Incurred Claim Amounts pmpm

3/12-5/12	17.755	16.197	27.778	25.589	25.324	25.086
6/12-8/12	13.571	11.985	22.436	24.178	21.041	20.802
9/12-11/12	13.909	14.859	25.660	25.159	23.709	23.477
12/12-2/13	19.960	19.483	27.205	26.119	25.659	25.490
3/13-5/13	15.570	16.976	26.741	27.832	25.305	25.098
6/13-8/13	12.115	11.959	21.996	26.505	21.240	21.032
9/13-11/13	11.022	15.939	26.406	27.501	24.846	24.627
12/13-2/14	14.013	18.687	28.558	28.602	26.942	26.669
3/14-5/14	11.209	16.035	29.438	29.099	27.077	26.788
6/14-8/14	7.882	13.080	23.835	26.883	22.485	22.417
9/14-11/14	12.756	19.108	27.063	28.005	25.653	25.732
12/14-2/15	14.272	22.172	30.863	30.946	28.958	29.206

Trend in Incurred Claim Amounts pmpm

3/13-5/13	-12.3 %	4.8 %	-3.7 %	8.8 %	-0.1 %	0.0 %
6/13-8/13	-10.7 %	-0.2 %	-2.0 %	9.6 %	0.9 %	1.1 %
9/13-11/13	-20.8 %	7.3 %	2.9 %	9.3 %	4.8 %	4.9 %
12/13-2/14	-29.8 %	-4.1 %	5.0 %	9.5 %	5.0 %	4.6 %
3/14-5/14	-28.0 %	-5.5 %	10.1 %	4.6 %	7.0 %	6.7 %
6/14-8/14	-34.9 %	9.4 %	8.4 %	1.4 %	5.9 %	6.6 %
9/14-11/14	15.7 %	19.9 %	2.5 %	1.8 %	3.3 %	4.5 %
12/14-2/15	1.8 %	18.6 %	8.1 %	8.2 %	7.5 %	9.5 %

Average Trend Last 12 Months 6.8 %

FY2016 Pharmacy Rating Analysis
 Historical Trend in Incurred Pharmacy Claims pmpm
 CHIP Program

Experience Period	Children <1	Children 1-5	Children 6-14	Children 15-18	Total	Case-Mix Adjusted
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Incurred Claims per Days Supply

3/12-5/12	2.684	3.172	4.548	4.313	4.291	4.257
6/12-8/12	2.510	3.245	4.762	4.641	4.523	4.471
9/12-11/12	2.365	2.822	4.388	4.217	4.105	4.078
12/12-2/13	2.949	3.376	4.466	4.360	4.264	4.253
3/13-5/13	2.441	3.127	4.311	4.491	4.168	4.144
6/13-8/13	2.528	3.289	4.624	4.938	4.521	4.460
9/13-11/13	2.154	3.113	4.382	4.505	4.220	4.188
12/13-2/14	3.034	3.407	4.840	4.808	4.612	4.583
3/14-5/14	2.361	2.846	4.608	4.660	4.348	4.313
6/14-8/14	2.147	3.456	5.028	5.144	4.817	4.779
9/14-11/14	1.961	3.552	4.504	4.712	4.372	4.384
12/14-2/15	1.532	3.728	4.968	5.136	4.735	4.788

Annual Trend in Incurred Claims per Days Supply

3/13-5/13	-9.0 %	-1.4 %	-5.2 %	4.1 %	-2.9 %	-2.7 %
6/13-8/13	0.7 %	1.4 %	-2.9 %	6.4 %	-0.1 %	-0.2 %
9/13-11/13	-8.9 %	10.3 %	-0.1 %	6.8 %	2.8 %	2.7 %
12/13-2/14	2.9 %	0.9 %	8.4 %	10.3 %	8.2 %	7.8 %
3/14-5/14	-3.3 %	-9.0 %	6.9 %	3.8 %	4.3 %	4.1 %
6/14-8/14	-15.1 %	5.1 %	8.7 %	4.2 %	6.6 %	7.2 %
9/14-11/14	-8.9 %	14.1 %	2.8 %	4.6 %	3.6 %	4.7 %
12/14-2/15	-49.5 %	9.4 %	2.7 %	6.8 %	2.7 %	4.5 %

Average Trend Last 12 Months **5.1 %**

Attachment 4

Preferred Drug List Changes

HHSC recently implemented several cost containment initiatives in the prescription drug program. Clients receiving drugs in certain drug classes were previously allowed to continue taking a medication when it moved from preferred status to non-preferred status. This is known as grandfathering. HHSC eliminated grandfathering for the antidepressant and growth hormone drug categories effective January 1, 2014 and the antipsychotic and insulin categories effective May 1, 2014. The elimination of grandfathering results in a more rapid shift to less costly preferred drugs.

Effective January 15, 2014, HHSC added several new drug classes in the Preferred Drug List (PDL). These new drug categories include antibiotic (inhaled), antihypertensive, glucocorticoid, immunosuppressive, growth hormone and hypoglycemic.

The attached exhibit presents the derivation of the adjustment factors for the elimination of grandfathering and the addition of the new drug classes.

FY2016 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
STAR

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Ages 19-20	TANF Adults	Pregnant Women	Total
Estimated Pharmacy Cost Impact for PDL Changes (1)								
Bexar	-1,940	-12,792	-47,053	-10,558	-199	-23,681	-3,473	-99,696
Dallas	-3,512	-13,494	-37,401	-9,958	-43	-10,729	-1,148	-76,285
El Paso	-478	-3,195	-13,615	-3,906	-91	-7,031	-565	-28,881
Harris	-6,394	-23,453	-67,210	-23,042	-203	-37,054	-5,067	-162,424
Hidalgo	-5,107	-15,884	-36,080	-11,035	-166	-19,550	-2,049	-89,871
Jefferson	-1,338	-4,984	-16,685	-4,444	-79	-8,808	-737	-37,075
Lubbock	-351	-1,911	-9,796	-2,186	-65	-4,762	-534	-19,606
Nueces	-1,098	-5,376	-16,454	-2,915	-61	-9,880	-1,187	-36,971
Tarrant	-2,112	-10,191	-29,627	-7,928	-131	-14,987	-1,534	-66,509
Travis	-394	-2,640	-16,338	-6,075	-60	-12,181	-1,492	-39,180
MRSA Central	-715	-6,193	-22,073	-5,216	-59	-10,504	-1,217	-45,978
MRSA Northeast	-1,717	-9,546	-30,497	-7,713	-229	-16,045	-1,580	-67,327
MRSA West	-1,270	-5,434	-15,852	-5,196	-75	-8,930	-1,154	-37,910
Total	-26,424	-115,093	-358,682	-100,172	-1,463	-184,142	-21,737	-807,713

Total Pharmacy Incurred Claims (2)

Bexar	4,641,168	15,182,016	35,993,304	8,498,951	213,782	12,006,233	4,731,091	81,266,545
Dallas	9,748,732	32,363,968	53,596,018	14,827,216	214,689	9,033,692	5,862,719	125,647,034
El Paso	3,518,164	8,643,988	16,843,632	5,884,260	105,762	3,994,836	1,583,861	40,574,503
Harris	17,981,690	49,995,692	76,662,195	20,027,148	379,116	20,419,355	11,745,476	197,210,672
Hidalgo	16,317,004	49,996,595	65,508,696	18,540,154	379,305	14,905,913	5,269,659	170,917,326
Jefferson	2,701,837	6,969,260	13,107,590	3,270,453	120,760	4,711,741	1,471,696	32,353,337
Lubbock	1,990,057	5,011,214	8,945,504	2,268,979	73,680	3,445,993	1,419,494	23,154,921
Nueces	2,738,075	8,187,000	15,870,238	3,401,877	87,580	4,199,423	1,858,925	36,343,118
Tarrant	5,453,408	15,106,848	30,963,714	8,543,283	304,062	9,234,737	5,152,423	74,758,475
Travis	3,145,611	7,724,658	14,272,958	4,131,014	92,438	6,369,720	2,253,764	37,990,163
MRSA Central	2,544,362	6,756,425	15,512,727	4,018,779	96,059	5,964,435	2,014,966	36,907,753
MRSA Northeast	4,385,581	12,205,993	24,916,862	6,034,702	186,322	8,597,214	3,117,638	59,444,312
MRSA West	4,097,568	8,407,960	18,427,787	4,502,549	162,114	6,348,411	2,468,087	44,414,476

FY2016 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
STAR

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Ages 19-20	TANF Adults	Pregnant Women	Total
Total	79,263,257	226,551,617	390,621,225	103,949,365	2,415,669	109,231,703	48,949,799	960,982,635

FY2016 Claims Cost Adjustment Factors

Bexar	0.9996	0.9992	0.9987	0.9988	0.9991	0.9980	0.9993	0.9988
Dallas	0.9996	0.9996	0.9993	0.9993	0.9998	0.9988	0.9998	0.9994
El Paso	0.9999	0.9996	0.9992	0.9993	0.9991	0.9982	0.9996	0.9993
Harris	0.9996	0.9995	0.9991	0.9988	0.9995	0.9982	0.9996	0.9992
Hidalgo	0.9997	0.9997	0.9994	0.9994	0.9996	0.9987	0.9996	0.9995
Jefferson	0.9995	0.9993	0.9987	0.9986	0.9993	0.9981	0.9995	0.9989
Lubbock	0.9998	0.9996	0.9989	0.9990	0.9991	0.9986	0.9996	0.9992
Nueces	0.9996	0.9993	0.9990	0.9991	0.9993	0.9976	0.9994	0.9990
Tarrant	0.9996	0.9993	0.9990	0.9991	0.9996	0.9984	0.9997	0.9991
Travis	0.9999	0.9997	0.9989	0.9985	0.9994	0.9981	0.9993	0.9990
MRSA Central	0.9997	0.9991	0.9986	0.9987	0.9994	0.9982	0.9994	0.9988
MRSA Northeast	0.9996	0.9992	0.9988	0.9987	0.9988	0.9981	0.9995	0.9989
MRSA West	0.9997	0.9994	0.9991	0.9988	0.9995	0.9986	0.9995	0.9991
Total	0.9997	0.9995	0.9991	0.9990	0.9994	0.9983	0.9996	0.9992

Footnotes:

- (1) Equals the estimated cost impact from application of the PDL changes (grandfathering and new drug classes).
(2) Equals total experience period incurred pharmacy claims.

FY2016 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
STAR+PLUS

Service Area	MO OCC	MO CBA	Total
Estimated Pharmacy Cost Impact for PDL Changes (1)			
Bexar	-244,049	-25,196	-269,244
Dallas	-187,635	-11,581	-199,217
El Paso	-74,747	-3,625	-78,372
Harris	-445,494	-37,139	-482,632
Hidalgo	-152,377	-14,843	-167,220
Jefferson	-82,059	-3,755	-85,814
Lubbock	-35,820	-1,688	-37,508
Nueces	-89,046	-11,447	-100,494
Tarrant	-149,637	-12,337	-161,974
Travis	-107,165	-6,947	-114,112
Total	-1,568,029	-128,557	-1,696,587

Total Pharmacy Incurred Claims (2)

Bexar	92,870,568	10,140,166	103,010,734
Dallas	101,460,138	8,935,338	110,395,476
El Paso	33,705,255	2,393,300	36,098,555
Harris	203,035,025	19,954,875	222,989,900
Hidalgo	82,840,355	9,149,134	91,989,489
Jefferson	37,081,585	2,914,849	39,996,434
Lubbock	20,896,166	1,211,174	22,107,340
Nueces	35,012,835	5,192,213	40,205,048
Tarrant	73,997,706	6,783,251	80,780,957
Travis	43,981,549	4,779,518	48,761,067
Total	724,881,182	71,453,818	796,335,000

FY2016 Claims Cost Adjustment Factors

Bexar	0.9974	0.9975	0.9974
Dallas	0.9982	0.9987	0.9982
El Paso	0.9978	0.9985	0.9978
Harris	0.9978	0.9981	0.9978
Hidalgo	0.9982	0.9984	0.9982
Jefferson	0.9978	0.9987	0.9979
Lubbock	0.9983	0.9986	0.9983
Nueces	0.9975	0.9978	0.9975
Tarrant	0.9980	0.9982	0.9980
Travis	0.9976	0.9985	0.9977
Total	0.9978	0.9982	0.9979

Footnotes:

- (1) Equals the estimated cost impact from application of the PDL changes (grandfathering and new drug classes).
(2) Equals total experience period incurred pharmacy claims.

FY2016 Pharmacy Carve-in Rating Analysis
 PDL Rate Adjustment Factors
 Experience Period: 1/1/2013 - 12/31/2013
 STAR Health

Estimated Pharmacy Cost Impact for PDL Changes (1)	-217,923
Total Pharmacy Incurred Claims (2)	52,763,491
FY2016 Claims Cost Adjustment Factors	0.9959

Footnotes:

- (1) Equals the estimated cost impact from application of the PDL changes (grandfathering and new drug classes).
 (2) Equals total experience period incurred pharmacy claims.

FY2016 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
CHIP

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Perinate <198%	Perinate 198-202%	Newborn 198-202%	Total
Estimated Pharmacy Cost Impact for PDL Changes (1)								
Bexar	-4	-537	-10,960	-5,054	-60	-27	0	-16,642
Dallas	-8	-1,264	-11,543	-5,557	-31	0	0	-18,404
El Paso	0	-128	-2,431	-1,495	-1	0	0	-4,055
Harris	-7	-1,846	-17,608	-12,543	-156	0	-1	-32,161
Jefferson	0	-145	-2,357	-1,367	-6	0	0	-3,874
Lubbock	0	-112	-2,179	-1,495	-12	0	0	-3,798
Nueces	0	-148	-2,464	-1,147	-3	0	0	-3,762
Tarrant	-3	-926	-12,091	-5,721	-93	-22	0	-18,856
Travis	-1	-250	-5,545	-3,994	-155	-4	0	-9,948
RSA	-2	-1,500	-21,629	-14,703	-360	-5	-1	-38,200
Total	-27	-6,856	-88,807	-53,076	-877	-56	-2	-149,701

Total Pharmacy Incurred Claims (2)

Bexar	7,288	1,268,616	9,719,964	3,434,166	236,272	9,122	42	14,675,470
Dallas	31,286	3,098,031	19,673,546	7,611,677	458,453	19,910	2,955	30,895,858
El Paso	8,294	554,764	4,078,753	1,576,769	218,623	2,163	173	6,439,539
Harris	49,528	4,880,511	26,585,378	10,902,545	3,039,407	61,340	6,511	45,525,220
Jefferson	3,724	486,084	3,114,515	1,061,603	62,748	2,293	457	4,731,424
Lubbock	2,934	454,256	2,791,566	980,384	63,547	2,116	104	4,294,907
Nueces	3,576	498,927	3,598,603	1,152,848	66,407	1,911	73	5,322,345
Tarrant	17,009	2,047,418	13,801,349	4,490,833	1,076,075	25,302	867	21,458,853
Travis	9,366	867,439	5,462,874	2,218,627	352,073	8,712	939	8,920,030
RSA	46,862	6,139,033	31,100,530	9,845,518	1,930,839	26,417	7,033	49,096,232
Total	179,867	20,295,079	119,927,078	43,274,970	7,504,444	159,286	19,154	191,359,878

FY2016 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
CHIP

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Perinate <198%	Perinate 198-202%	Newborn 198-202%	Total
FY2016 Claims Cost Adjustment Factors								
Bexar	0.9994	0.9996	0.9989	0.9985	0.9997	0.9971	0.9982	0.9989
Dallas	0.9997	0.9996	0.9994	0.9993	0.9999	1.0000	1.0000	0.9994
El Paso	1.0000	0.9998	0.9994	0.9991	1.0000	1.0000	0.9997	0.9994
Harris	0.9998	0.9996	0.9993	0.9988	0.9999	1.0000	0.9999	0.9993
Jefferson	1.0000	0.9997	0.9992	0.9987	0.9999	1.0000	1.0000	0.9992
Lubbock	1.0000	0.9998	0.9992	0.9985	0.9998	1.0000	1.0000	0.9991
Nueces	0.9999	0.9997	0.9993	0.9990	1.0000	1.0000	1.0000	0.9993
Tarrant	0.9998	0.9995	0.9991	0.9987	0.9999	0.9991	0.9999	0.9991
Travis	0.9999	0.9997	0.9990	0.9982	0.9996	0.9996	1.0000	0.9989
RSA	1.0000	0.9998	0.9993	0.9985	0.9998	0.9998	0.9999	0.9992
Total	0.9999	0.9997	0.9993	0.9988	0.9999	0.9996	0.9999	0.9992

Footnotes:

- (1) Equals the estimated cost impact from application of the PDL changes (grandfathering and new drug classes).
(2) Equals total experience period incurred pharmacy claims.

Attachment 5

ADHD Clinical Edit

Effective February 13, 2014, HHSC implemented a new clinical edit designed to address the overutilization of prescription drugs used to treat Attention Deficit Hyperactivity Disorder (ADHD). VDP staff provided a list of ADHD drugs that would be impacted by the new edit.

Based on the information available, we were not able to apply all of the parameters of the edit to the historical experience. Our cost analysis included only the age limitation portion of the edit. We assumed that all extended release and non-stimulant ADHD formulations would be denied for children under age 6. In addition, all immediate release ADHD formulations would be denied for children under age 3. In each of these cases, we assumed that the client would receive alternative therapy and included the cost of that therapy as an offset to any savings.

The attached exhibit presents the derivation of the adjustment factors for the new ADHD clinical edit. Please note that HHSC has since revised the new ADHD clinical edit. However, the revisions did not impact the age limitation portion of the edit and, therefore, did not impact our cost analysis.

FY2015 Pharmacy Carve-in Rating Analysis
 ADHD Clinical Edit Rate Adjustment Factors
 Experience Period: 1/1/2013 - 12/31/2013

Service Area	Total Incurred Claims		Denied ADHD Claims		Alternative Therapy		Rate Adjustment Factor	
	Children <1	Children 1-5	Children <1	Children 1-5	Children <1	Children 1-5	Children <1	Children 1-5
STAR								
Bexar	4,372,380	15,182,015	0	579,310	0	218,283	1.0000	0.9970
Dallas	9,262,635	32,363,968	0	598,440	0	231,228	1.0000	0.9986
El Paso	3,286,043	8,643,989	0	137,319	0	53,015	1.0000	0.9988
Harris	17,146,297	49,995,696	201	1,079,120	75	415,845	1.0000	0.9983
Hidalgo	15,568,305	49,996,594	0	962,114	0	366,888	1.0000	0.9985
Jefferson	2,576,596	6,969,264	0	413,568	0	160,543	1.0000	0.9955
Lubbock	1,859,953	5,011,215	0	132,033	0	50,165	1.0000	0.9980
Nueces	2,606,661	8,187,001	0	529,743	0	201,230	1.0000	0.9950
Tarrant	5,182,749	15,106,849	0	363,223	0	139,130	1.0000	0.9981
Travis	2,976,838	7,724,660	0	190,145	0	71,540	1.0000	0.9981
MRSA Central	2,415,734	6,756,425	0	443,807	0	164,123	1.0000	0.9948
MRSA Northeast	4,167,770	12,205,991	0	477,288	0	191,085	1.0000	0.9971
MRSA West	3,854,708	8,407,960	0	478,904	0	186,603	1.0000	0.9957
Total	75,276,669	226,551,626	201	6,385,013	75	2,449,675	1.0000	0.9978
STAR Health								
		52,763,491		812,130		303,405		0.9988
CHIP								
Bexar	7,288	1,268,615	0	29,708	0	12,610	1.0000	0.9865
Dallas	31,287	3,098,029	0	42,758	0	16,853	1.0000	0.9916
El Paso	8,296	554,763	0	5,432	0	2,845	1.0000	0.9953
Harris	49,526	4,880,511	308	67,758	150	29,810	0.9968	0.9922
Jefferson	3,723	486,082	0	12,681	0	5,885	1.0000	0.9860
Lubbock	2,933	454,257	0	14,184	0	6,218	1.0000	0.9825
Nueces	3,578	498,927	0	24,387	0	10,563	1.0000	0.9723
Tarrant	17,010	2,047,422	0	37,804	0	14,775	1.0000	0.9888
Travis	9,367	867,439	0	16,534	0	7,205	1.0000	0.9892
RSA	46,860	6,139,033	0	87,555	0	40,853	1.0000	0.9924
Total	179,868	20,295,078	308	338,803	150	147,615	0.9991	0.9906

Attachment 6

340B Pricing

HHSC has instituted a new reimbursement method for 340B drugs in FFS which is designed to significantly reduce pharmacy reimbursement for those drugs. HHSC required the MCOs to submit shared savings plans illustrating how they will align their pharmacy reimbursements in order to achieve comparable savings for 340B drugs. These shared savings plans were implemented on December 1, 2014. We have analyzed the anticipated impact of these provider reimbursement changes and our analysis is summarized on the attached exhibits.

FY2016 Pharmacy Rating Analysis
 340B Pricing Adjustment Factors
 STAR

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Ages 19-20	TANF Adults	Pregnant Women	Total
Total Claims Paid 201403-201411 (1)								
Bexar	2,153,406	10,137,328	27,451,449	7,602,511	182,205	10,199,809	4,404,387	62,131,095
Dallas	4,659,727	22,639,745	47,948,807	13,535,557	168,202	7,918,640	4,910,959	101,781,637
El Paso	1,588,958	5,516,023	14,020,990	6,303,872	45,376	3,467,226	1,641,695	32,584,139
Harris	8,919,161	36,621,083	71,534,149	19,300,004	255,668	17,652,554	10,286,279	164,568,898
Hidalgo	8,522,312	34,466,348	55,183,951	16,086,180	285,066	11,978,864	4,599,533	131,122,255
Jefferson	1,407,157	4,784,258	11,354,591	2,713,866	41,244	4,015,820	1,253,227	25,570,164
Lubbock	942,739	3,735,739	8,384,768	2,210,980	42,795	3,380,086	1,195,991	19,893,097
Nueces	1,527,587	5,501,229	14,051,037	3,272,276	39,448	3,353,222	1,570,189	29,314,987
Tarrant	3,627,538	11,533,877	28,530,282	7,525,142	389,602	8,935,672	4,214,331	64,756,443
Travis	1,371,787	4,972,841	13,386,318	4,055,686	58,525	4,927,207	2,052,792	30,825,155
MRSA Central	1,278,352	4,931,590	14,097,111	4,030,106	57,279	4,676,304	1,752,439	30,823,182
MRSA Northeast	2,168,559	8,292,388	20,131,077	5,926,970	123,670	6,700,961	2,454,094	45,797,718
MRSA West	1,586,196	5,279,436	14,786,801	4,479,225	115,478	5,383,555	2,015,894	33,646,584
Total	39,753,479	158,411,886	340,861,328	97,042,374	1,804,557	92,589,920	42,351,811	772,815,355

Impact of 340b Reimbursement Change (2)

Bexar	-20	-704	-475	26	0	-5,134	-238	-6,547
Dallas	1,127	-2,518	-8,867	-10,056	193	-42,282	-15,331	-77,733
El Paso	-106	-824	-5,173	-3,593	17	-11,055	-7,687	-28,421
Harris	13	-1,067	-19,434	-421	-409	-72,752	-8,228	-102,299
Hidalgo	6	4	7	0	0	4	0	21
Jefferson	10	-1	-9	5	0	-1	-13	-9
Lubbock	48	31	16	11	0	80	103	289
Nueces	0	0	-163	0	0	0	0	-164
Tarrant	-241	-2,609	-21,421	-27,661	-146	-183,190	-17,642	-252,910
Travis	-34	-359	-2,182	0	0	5	0	-2,570
MRSA Central	-4,172	-12,105	-85,760	-12,040	0	-527	-2,068	-116,672
MRSA Northeast	-3,219	-5,457	-7,445	255	0	-3,286	-3,616	-22,769
MRSA West	28	-279	2,152	527	0	-367	324	2,385
Total	-6,558	-25,890	-148,754	-52,947	-344	-318,507	-54,397	-607,399

FY2016 Pharmacy Rating Analysis
 340B Pricing Adjustment Factors
 STAR

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Ages 19-20	TANF Adults	Pregnant Women	Total
FY2016 340B Pricing Adjustment Factors								
Bexar	1.0000	0.9999	1.0000	1.0000	1.0000	0.9995	0.9999	0.9999
Dallas	1.0002	0.9999	0.9998	0.9994	1.0010	0.9951	0.9972	0.9993
El Paso	0.9999	0.9999	0.9996	0.9994	1.0004	0.9971	0.9957	0.9992
Harris	1.0000	1.0000	0.9997	1.0000	0.9985	0.9962	0.9993	0.9994
Hidalgo	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Jefferson	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Lubbock	1.0001	1.0000	1.0000	1.0000	1.0000	1.0000	1.0001	1.0000
Nueces	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Tarrant	0.9999	0.9998	0.9993	0.9966	0.9996	0.9812	0.9961	0.9964
Travis	1.0000	0.9999	0.9998	1.0000	1.0000	1.0000	1.0000	0.9999
MRSA Central	0.9970	0.9977	0.9944	0.9972	1.0000	0.9999	0.9989	0.9965
MRSA Northeast	0.9986	0.9994	0.9996	1.0000	1.0000	0.9995	0.9986	0.9995
MRSA West	1.0000	0.9999	1.0001	1.0001	1.0000	0.9999	1.0002	1.0001
Total	0.9998	0.9999	0.9996	0.9995	0.9998	0.9968	0.9988	0.9993

Footnotes:

- (1) Equals total incurred managed care pharmacy claims during the experience period.
- (2) Equals the estimated cost impact from 340B pharmacy reimbursement change.
 Estimated 340B impact is based on each PBM Shared Savings Plan
- (3) Additional cost divided by Incurred Claims.

FY2016 Pharmacy Rating Analysis
 340B Pricing Adjustment Factors
 STAR+PLUS

Service Area	MO OCC	MO CBA	IDD <21	IDD >21	Total
Total Claims Paid 201403-201411 (1)					
Bexar	71,072,282	7,004,353	39,225	1,780,897	79,896,756
Dallas	81,500,049	7,494,934	23,294	1,604,876	90,623,153
El Paso	24,833,662	4,112,608	649	1,036,492	29,983,412
Harris	153,928,992	17,328,574	87,377	3,652,127	174,997,069
Hidalgo	62,572,223	9,236,070	15,405	920,927	72,744,625
Jefferson	29,108,916	2,839,049	5,879	355,182	32,309,025
Lubbock	16,157,419	1,411,607	8,896	515,464	18,093,386
Nueces	26,721,561	3,736,878	4,148	573,906	31,036,492
Tarrant	54,074,738	8,189,529	30,281	1,618,530	63,913,078
Travis	32,756,257	4,839,758	26,916	1,244,868	38,867,799
MRSA Central	12,014,248	973,943	17,315	1,310,884	14,316,390
MRSA Northeast	10,161,501	544,018	17,444	826,848	11,549,811
MRSA West	15,976,079	2,552,079	10,561	1,089,008	19,627,728
Total	590,877,928	70,263,402	287,388	16,530,008	677,958,726

Impact of 340b Reimbursement Change (2)

Bexar	-188,674	-21,868	0	0	-210,542
Dallas	-3,066	6	0	-178	-3,238
El Paso	-396,610	-27,126	0	-1,126	-424,861
Harris	-1,990,357	-32,222	0	0	-2,022,578
Hidalgo	10	0	0	0	10
Jefferson	-5,571	-43	0	0	-5,614
Lubbock	727	719	0	22	1,468
Nueces	3	0	0	0	3
Tarrant	-1,090,628	-58,247	0	-601	-1,149,476
Travis	-1,234	93	0	0	-1,140
MRSA Central	266	34	0	7	307
MRSA Northeast	-40,114	-450	0	-3,053	-43,617
MRSA West	-429	0	0	0	-429
Total	-3,715,675	-139,104	0	-4,928	-3,859,706

FY2016 Pharmacy Rating Analysis
 340B Pricing Adjustment Factors
 STAR+PLUS

Service Area	MO OCC	MO CBA	IDD <21	IDD >21	Total
FY2016 340B Pricing Adjustment Factors					
Bexar	0.9975	0.9972	1.0000	1.0000	0.9976
Dallas	1.0000	1.0000	1.0000	0.9999	1.0000
El Paso	0.9853	0.9939	1.0000	0.9990	0.9870
Harris	0.9882	0.9983	1.0000	1.0000	0.9894
Hidalgo	1.0000	1.0000	1.0000	1.0000	1.0000
Jefferson	0.9998	1.0000	1.0000	1.0000	0.9998
Lubbock	1.0000	1.0005	1.0000	1.0000	1.0001
Nueces	1.0000	1.0000	1.0000	1.0000	1.0000
Tarrant	0.9815	0.9935	1.0000	0.9996	0.9835
Travis	1.0000	1.0000	1.0000	1.0000	1.0000
MRSA Central	1.0000	1.0000	1.0000	1.0000	1.0000
MRSA Northeast	0.9964	0.9993	1.0000	0.9966	0.9965
MRSA West	1.0000	1.0000	1.0000	1.0000	1.0000
Total	0.9942	0.9982	1.0000	0.9997	0.9948

Footnotes:

- (1) Equals total incurred managed care pharmacy claims during the experience period.
- (2) Equals the estimated cost impact from 340B pharmacy reimbursement change.
 Estimated 340B impact is based on each PBM Shared Savings Plan
- (3) Additional cost divided by Incurred Claims.

FY2016 Pharmacy Rating Analysis
 340B Pricing Adjustment Factors
 STAR Health

Total Claims Paid 201403-201411 (1)	37,735,187
Impact of 340b Reimbursement Change (2)	-15,254
FY2015 Claims Cost Adjustment Factors	0.9996

Footnotes:

- (1) Equals total incurred managed care pharmacy claims during the experience period.
- (2) Equals the estimated cost impact from 340B pharmacy reimbursement change.
 Estimated 340B impact is based on each PBM Shared Savings Plan
- (3) Additional cost divided by Incurred Claims.

FY2016 Pharmacy Rating Analysis
340B Pricing Adjustment Factors
CHIP

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Perinate <198%	Perinate 198-202%	Newborn 198-202%	Total
Total Claims Paid 201403-201411 (1)								
Bexar	2,396	667,265	4,816,087	1,796,246	197,561	3,257	26	7,482,838
Dallas	4,422	1,515,496	9,593,385	3,520,592	407,574	12,647	131	15,054,247
El Paso	1,535	260,242	1,837,651	828,859	182,959	2,152	273	3,113,671
Harris	6,091	2,977,059	15,440,261	5,874,626	2,470,930	40,771	585	26,810,323
Jefferson	434	252,043	1,841,039	573,423	58,853	1,762	0	2,727,554
Lubbock	2,030	293,966	1,560,666	600,820	65,228	883	0	2,523,592
Nueces	988	360,917	1,850,924	540,354	59,854	1,774	239	2,815,049
Tarrant	2,699	1,045,808	6,590,588	2,437,219	739,269	9,644	15	10,825,242
Travis	1,418	516,633	2,835,537	1,242,160	264,507	3,791	2	4,864,049
RSA	7,507	3,459,492	16,422,085	6,180,292	1,569,636	24,009	40	27,663,062
Total	29,521	11,348,922	62,788,222	23,594,591	6,016,371	100,690	1,310	103,879,627

Impact of 340b Reimbursement Change (2)

Bexar	0	0	0	27	-53	0	0	-27
Dallas	0	-567	-1,637	1,833	5,553	3	0	5,185
El Paso	0	-143	-675	496	4,269	0	0	3,947
Harris	0	-5	265	635	-13,469	-22	0	-12,596
Jefferson	0	0	14	-1	-14	0	0	-1
Lubbock	0	0	30	14	0	0	0	44
Nueces	0	0	0	0	0	0	0	0
Tarrant	0	-601	-8,511	-704	-51	0	0	-9,866
Travis	0	-101	-816	-1,262	-5,326	-115	0	-7,619
RSA	0	-55	-7,002	-594	-12	0	0	-7,663
Total	0	-1,471	-18,334	446	-9,103	-134	0	-28,596

FY2016 340B Pricing Adjustment Factors

Bexar	1.0000	1.0000	1.0000	1.0000	0.9997	1.0000	1.0000	1.0000
Dallas	1.0000	0.9996	0.9998	1.0005	1.0125	1.0002	1.0000	1.0003
El Paso	1.0000	0.9994	0.9996	1.0006	1.0214	1.0000	1.0000	1.0012
Harris	1.0000	1.0000	1.0000	1.0001	0.9950	0.9995	1.0000	0.9996
Jefferson	1.0000	1.0000	1.0000	1.0000	0.9998	1.0000	1.0000	1.0000
Lubbock	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Nueces	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Tarrant	1.0000	0.9994	0.9988	0.9997	0.9999	1.0000	1.0000	0.9992
Travis	1.0000	0.9998	0.9997	0.9991	0.9816	0.9722	1.0000	0.9986
RSA	1.0000	1.0000	0.9996	0.9999	1.0000	1.0000	1.0000	0.9997
Total	1.0000	0.9999	0.9997	1.0000	0.9986	0.9988	1.0000	0.9997

Footnotes:

(1) Equals total incurred managed care pharmacy claims during the experience period.

(2) Equals the estimated cost impact from 340B pharmacy reimbursement change.

Estimated 340B impact is based on each PBM Shared Savings Plan

(3) Additional cost divided by Incurred Claims.

Attachment 7

STAR+PLUS Nursing Facility Expansion

Effective March 1, 2015, HHSC implemented a new statewide managed care program for Medicaid clients residing in nursing facilities. These clients had previously had their Medicaid services provided through the FFS program.

The actuarial model used to derive the FY2016 pharmacy capitation rates for nursing facility clients relies primarily on actual FFS and managed care claims experience for nursing facility clients during the period October 1, 2013 through September 30, 2014. While more current claims experience was available at the time the capitation rates were being developed, the nursing facility enrollment information required for the rating analysis was incomplete for more recent months. The majority of nursing facility enrollment and claims experience during the experience period was in the FFS program. However, some Medicaid-only nursing facility members were enrolled in STAR+PLUS and that experience was also included in the rating analysis.

The historical pharmacy encounter claim files were searched and all claims associated with nursing facility clients were extracted. The claims experience was separated by FFS/managed care and service area and incurred claims estimates were derived. These estimates were then projected forward to the rating period using assumed trend rates. Additional adjustments were made to the base period claims experience to reflect any programmatic changes in covered services and pharmacy reimbursement. Administrative expenses, risk margin and premium tax were added to the claims component in order to develop a community rate for Medicaid-only nursing facility clients in each service area.

Attachment 2 includes the summary community rating exhibit for the STAR+PLUS Nursing Facility expansion. The trend assumption used in developing the capitation rates for nursing facility clients was the same as that used for all STAR+PLUS clients. No acuity risk adjustment is made for the nursing facility population. Other adjustment factors are described in Section IV of this report.

An additional adjustment factor was required in developing the capitation rates for nursing facility clients. Since FFS claims experience was included in the rating analysis, it was necessary to adjust those claim costs to a basis consistent with managed care. MCO pharmacy reimbursement differs significantly from that under VDP. The dispensing fee under VDP averages approximately \$8.00 per prescription while the average MCO dispensing fee is around \$1.50 per prescription. On the ingredient cost side, the MCOs pay the pharmacies, on average, more than FFS for the same drugs.

Based on the experience of the first three years under pharmacy carve-in, we have assumed that the per-capita pharmacy claims cost under managed care will be 5% less than that under FFS. The 5% assumption was developed assuming that overall pharmacy reimbursement under managed care would be 4% lower than that under FFS and that the MCOs will have a positive impact on utilization representing 1% of prescription drug cost.