

TERMS USED IN FINANCIAL STATISTICAL REPORTS (FSRs)

Total Member Months - Number of members enrolled in each month. YTD is the sum of the individual month's membership.

Revenues:

- **Premiums** – Capitation payments paid to HMOs by HHSC
- **Delivery Supplemental Payments** – A one-time per pregnancy supplemental payment made by HHSC to STAR, CHIP and CHIP Perinatal HMOs.
- **Bariatric Supplemental Payments** – A one-time per bariatric surgery supplemental payment made by HHSC to STAR, STAR+PLUS, and STARHealth HMOs.
- **Investment Income** – All interest and dividend income resulting from investment of funds received.
- **Other Income** – Any and all income generated from other sources.

Medical Expenses:

- **Capitated Services:**
 - *Single Service* – Amounts paid to providers that do not pay claims to other providers from the capitation payments received.
 - *Delegated Networks* – Capitation amounts paid to subcontracted individual professional associations (IPAs). These funds are used to pay claims for services performed by an integrated delivery system under contract with the IPA.
- **IBNR Accrual Medical Expenses** – Incurred But Not Reported (IBNR) accrual medical expenses are an estimate of the expected healthcare expenses incurred, but not paid, based on claims lag schedules and completion factors, as well as any counts of services rendered but not billed, e.g., pre-authorized hospital days.

Administrative Expenses – includes those expenses that are directly or indirectly in support of the Texas Medicaid Service Delivery Area (SDA) operations of the MCO. Administrative expenses include:

- Salaries, wages, and other benefits
- Employee bonuses and commissions
- Payroll taxes
- Legal fees and expenses
- Auditing, actuarial, and other consulting
- Travel expenses
- Marketing and advertising
- Postage, shipping, and telephone
- Printing and office supplies
- Space rental
- Utilities and maintenance
- Building depreciation
- Equipment depreciation
- Equipment rental
- Outsourced services
- Insurance, except on real estate, excludes reinsurance premiums
- Premium tax
- Regulatory authority licenses and fees
- Affiliated company allocations/charges – portion of any affiliated company management fees and/or other allocations/charges incurred by the affiliate on behalf of the MCO that are charged to the Texas Medicaid SDA operations
- Other administrative expenses – other expenses not specifically identified in any of the above administrative expense classifications.

CHIP HMO Program Financial Statistical Report

Organization: Aetna Health Inc. Texas
Service Area: Tarrant
Submission Date: 06/30/09
Submission Type: Quarterly
Accrual Date: 05/31/09

Part 1: Summary Income Statements (Dollars), All Coverage Groups Combined

Incurred Months:	September	October	November	December	January	February	March	April	May	June	July	August	YTD
1 Total Member Months	4,902	5,040	5,046	5,183	5,299	5,409	5,520	5,538	5,619	0	0	0	47,556
Revenues:													
2 Premiums (HHSC Capitation)	424,332	436,439	436,452	447,245	457,145	466,600	476,967	479,472	486,962	0	0	0	4,111,615
3 Delivery Supplemental Payments	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Investment Income	(29,009)	5,689	5,485	11,101	2,378	(2,938)	9,273	3,779	7,488				13,246
5 Other Revenue	0	0	0	0	0	0	0	0	0				0
6 Total Revenues	395,323	442,128	441,937	458,346	459,523	463,662	486,240	483,251	494,450	0	0	0	4,124,861
Medical Expenses:													
Capitated Services:													
7 Single Service	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Delegated Networks	27,611	19,900	19,216	29,141	29,021	26,341	27,982	21,710	31,663	0	0	0	232,585
9 Fee-For-Service	166,053	150,699	214,954	174,425	165,376	212,022	444,703	243,390	45,169	0	0	0	1,816,792
10 IBNR Accrual	2,982	4,180	8,262	10,784	15,816	19,727	40,458	113,718	224,611	0	0	0	440,538
11 Total Medical Expenses	196,646	174,779	242,432	214,350	210,213	258,090	513,144	378,818	301,444	0	0	0	2,489,916
12 Total Administrative Expenses	43,373	44,551	44,554	45,701	46,744	47,655	48,704	48,997	49,735	0	0	0	420,014
13 Total Expenses	240,019	219,330	286,986	260,051	256,957	305,745	561,848	427,815	351,179	0	0	0	2,909,930
14 Net Income Before Taxes	155,304	222,798	154,951	198,295	202,566	157,917	(75,608)	55,436	143,271	0	0	0	1,214,931
15 % of Medical Exp to Premiums + DSP	46.3%	40.0%	55.5%	47.9%	46.0%	55.3%	107.6%	79.0%	61.9%	0.0%	0.0%	0.0%	60.6%
16 % of Administrative Exp to Premiums + DSP	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	0.0%	0.0%	0.0%	10.2%
17 % of Net Income to Total Revenues	39.3%	50.4%	35.1%	43.3%	44.1%	34.1%	-15.5%	11.5%	29.0%	0.0%	0.0%	0.0%	29.5%
18 Performance Assessment													
19 Quality Challenge Award													
20 Liquidated Damages	0	0	0	0	0	0	(600)	0	0				(600)

Note: Reporting is on an incurred basis. All prior months' data must be updated to reflect each reported month on an incurred basis, including revised monthly IBNR estimates.