

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: COMMUNITY HEALTH CHOICE, INC.
Service Area: HARRIS, BRAZORIA, FORT BEND, GALVESTON, MONTGOMERY, AUSTIN, WHARTON, MATAGORDA, WALKER, SAN JACINTO, POLK, HARDIN, TYLER, JASPER, NEWTON, ORANGE, JEFFERSON & WALLER COUNTIES
Submission Date: 06/30/09
Submission Type: QUARTERLY
Accrual Date: 05/31/09

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

Incurring Months:	September	October	November	December	January	February	March	April	May	June	July	August	YTD
1 Total Member Months	20,790	21,454	21,260	21,067	21,157	21,405	21,987	22,783	23,744	0	0	0	195,647
Revenues:													
2 Premiums (HHSC Capitation)	1,835,889	1,886,859	1,865,707	1,846,607	1,849,516	1,871,389	1,922,901	1,990,850	2,074,126	0	0	0	17,143,844
3 Delivery Supplemental Payments	12,400	3,100	0	15,500	6,200	6,200	9,300	15,500	6,200	0	0	0	74,400
4 Investment Income	15,473	17,711	17,068	16,838	14,259	13,753	17,368	12,218	11,329				136,017
5 Other Revenue													0
6 Total Revenues	1,863,762	1,907,670	1,882,775	1,878,945	1,869,975	1,891,342	1,949,569	2,018,568	2,091,655	0	0	0	17,354,261
Medical Expenses:													
Capitated Services:													
7 Single Service	0	0	0	0	0	0	0	884	3,715	0	0	0	4,599
8 Delegated Networks	57,032	58,883	58,379	57,759	58,024	58,662	60,175	62,500	64,714	0	0	0	536,128
9 Fee-For-Service	996,644	1,318,883	1,100,078	1,050,056	1,274,395	1,194,697	1,210,900	1,240,859	245,361	0	0	0	9,631,873
10 IBNR Accrual	3,554	18,632	26,287	44,606	90,608	155,648	251,254	405,894	1,378,874	0	0	0	2,375,357
11 Total Medical Expenses	1,057,230	1,396,398	1,184,744	1,152,421	1,423,027	1,409,007	1,522,329	1,710,137	1,692,664	0	0	0	12,547,957
12 Total Administrative Expenses	152,463	155,628	162,441	176,373	161,213	158,267	194,393	178,905	214,478	0	0	0	1,554,161
13 Total Expenses	1,209,693	1,552,026	1,347,185	1,328,794	1,584,240	1,567,274	1,716,722	1,889,042	1,907,142	0	0	0	14,102,118
14 Net Income Before Taxes	654,069	355,644	535,590	550,151	285,735	324,068	232,847	129,526	184,513	0	0	0	3,252,143
15 % of Medical Exp to Premiums + DSP	57.2%	73.9%	63.5%	61.9%	76.7%	75.0%	78.8%	85.2%	81.4%	0.0%	0.0%	0.0%	72.9%
16 % of Administrative Exp to Premiums + DSP	8.2%	8.2%	8.7%	9.5%	8.7%	8.4%	10.1%	8.9%	10.3%	0.0%	0.0%	0.0%	9.0%
17 % of Net Income to Total Revenues	35.1%	18.6%	28.4%	29.3%	15.3%	17.1%	11.9%	6.4%	8.8%	0.0%	0.0%	0.0%	18.7%
18 Performance Assessment													
19 Quality Challenge Award													
20 Liquidated Damages	(900)						(175)						(1,075)

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.