

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 Perinatal 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	21,573	21,584	21,635	22,078	22,343	22,009	22,308	20,320	17,957	0	0	0	191,807
Revenues:													
2 Premiums (HHSC Capitation)	10,731,689	10,745,318	10,745,393	10,944,460	11,073,069	10,900,243	9,668,457	8,902,193	7,959,720	0	0	0	91,670,542
3 Delivery Supplemental Payments	68,200	86,800	49,600	55,800	52,700	68,200	89,900	68,200	68,200	0	0	0	607,600
4 Investment Income	90,412	101,509	98,757	99,370	85,310	80,105	100,431	68,286	60,547				784,727
5 Other Revenue													0
6 Total Revenues	10,890,301	10,933,627	10,893,750	11,099,630	11,211,079	11,048,548	9,858,788	9,038,679	8,088,467	0	0	0	93,062,869
Medical Expenses:													
Capitated Services:													
7 Single Service	0	0	0	0	0	0	0	766	2,287	0	0	0	3,053
8 Delegated Networks	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Fee-For-Service	5,536,927	7,027,430	6,683,371	8,280,620	8,133,889	7,133,890	7,255,519	6,006,342	624,166	0	0	0	56,682,155
10 IBNR Accrual	260,252	314,818	367,676	510,363	622,799	882,112	1,161,037	1,944,317	6,314,464	0	0	0	12,377,838
11 Total Medical Expenses	5,797,179	7,342,248	7,051,047	8,790,983	8,756,688	8,016,002	8,416,556	7,951,425	6,940,917	0	0	0	69,063,046
12 Total Administrative Expenses	777,790	859,898	851,644	948,979	937,064	860,372	948,326	866,970	913,637	0	0	0	7,964,680
13 Total Expenses	6,574,969	8,202,146	7,902,691	9,739,962	9,693,752	8,876,374	9,364,882	8,818,395	7,854,554	0	0	0	77,027,726
14 Net Income Before Taxes	4,315,332	2,731,481	2,991,059	1,359,668	1,517,327	2,172,174	493,906	220,284	233,913	0	0	0	16,035,143
15 % of Medical Exp to Premiums + DSP	53.7%	67.8%	65.3%	79.9%	78.7%	73.1%	86.2%	88.6%	86.5%	0.0%	0.0%	0.0%	74.8%
16 % of Administrative Exp to Premiums + DSP	7.2%	7.9%	7.9%	8.6%	8.4%	7.8%	9.7%	9.7%	11.4%	0.0%	0.0%	0.0%	8.6%
17 % of Net Income to Total Revenues	39.6%	25.0%	27.5%	12.2%	13.5%	19.7%	5.0%	2.4%	2.9%	0.0%	0.0%	0.0%	17.2%
18 Performance Assessment													
19 Quality Challenge Award													
20 Liquidated Damages	(900)												(900)

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.