

## 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.

**STAR HMO Program Financial Statistical Report**

**Organization:** COMMUNITY HEALTH CHOICE, INC.  
**Service Area:** HARRIS, BRAZORIA, FORT BEND, GALVESTON, MONTGOMERY & 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
<b>1 Total Member Months</b>	<b>96,100</b>	<b>93,739</b>	<b>97,260</b>	<b>99,714</b>	<b>97,713</b>	<b>102,367</b>	<b>101,870</b>	<b>97,018</b>	<b>91,481</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>877,262</b>
<b>Revenues:</b>													
2 Premiums (HHSC Capitation)	21,435,402	20,876,352	21,383,782	21,704,182	21,383,574	21,814,011	21,780,438	21,042,920	19,696,053	0	0	0	<b>191,116,714</b>
3 Delivery Supplemental Payments	2,906,859	2,920,936	2,896,302	2,994,839	2,618,285	2,442,325	2,787,207	2,737,937	2,653,477	0	0	0	<b>24,958,167</b>
4 Bariatric Supplemental Payments	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
5 Investment Income	203,078	222,454	221,650	223,277	184,384	177,691	217,509	150,234	132,867				<b>1,733,144</b>
6 Other Revenue													<b>0</b>
7 Total Revenues	<b>24,545,339</b>	<b>24,019,742</b>	<b>24,501,734</b>	<b>24,922,298</b>	<b>24,186,243</b>	<b>24,434,027</b>	<b>24,785,154</b>	<b>23,931,091</b>	<b>22,482,397</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>217,808,025</b>
<b>Medical Expenses:</b>													
Capitated Services:													
8 Single Service	140,527	135,750	140,845	147,015	170,407	179,091	178,123	164,842	154,306	0	0	0	<b>1,410,906</b>
9 Delegated Networks	426,082	414,896	432,479	444,648	434,872	458,406	456,447	434,259	410,606	0	0	0	<b>3,912,695</b>
10 Fee-For-Service	17,348,098	19,305,701	20,074,045	19,816,960	20,145,566	17,722,359	17,253,366	13,953,144	2,161,894	0	0	0	<b>147,781,132</b>
11 IBNR Accrual	459,190	620,573	737,318	1,433,149	2,120,657	3,599,848	5,432,057	8,166,468	18,119,228	0	0	0	<b>40,688,488</b>
12 Total Medical Expenses	<b>18,373,897</b>	<b>20,476,920</b>	<b>21,384,687</b>	<b>21,841,772</b>	<b>22,871,502</b>	<b>21,959,704</b>	<b>23,319,993</b>	<b>22,718,713</b>	<b>20,846,034</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>193,793,221</b>
13 Total Administrative Expenses	1,676,294	1,870,790	1,969,979	2,141,562	2,029,484	1,894,190	2,192,631	2,026,385	2,250,257	0	0	0	<b>18,051,573</b>
14 Total Expenses	<b>20,050,191</b>	<b>22,347,710</b>	<b>23,354,666</b>	<b>23,983,334</b>	<b>24,900,986</b>	<b>23,853,894</b>	<b>25,512,624</b>	<b>24,745,098</b>	<b>23,096,291</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>211,844,794</b>
<b>15 Net Income Before Taxes</b>	<b>4,495,148</b>	<b>1,672,032</b>	<b>1,147,068</b>	<b>938,964</b>	<b>(714,743)</b>	<b>580,133</b>	<b>(727,470)</b>	<b>(814,007)</b>	<b>(613,894)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,963,231</b>
16 % of Medical Exp to Premiums + DSP + BSP	75.5%	86.0%	88.1%	88.4%	95.3%	90.5%	94.9%	95.5%	93.3%	0.0%	0.0%	0.0%	<b>89.7%</b>
17 % of Administrative Exp to Premiums + DSP + BSP	6.9%	7.9%	8.1%	8.7%	8.5%	7.8%	8.9%	8.5%	10.1%	0.0%	0.0%	0.0%	<b>8.4%</b>
18 % of Net Income to Total Revenues	18.3%	7.0%	4.7%	3.8%	-3.0%	2.4%	-2.9%	-3.4%	-2.7%	0.0%	0.0%	0.0%	<b>2.7%</b>
19 Performance Assessment													
20 Quality Challenge Award													
21 Liquidated Damages	(900)						(75)						(975)

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.