

## 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:** Texas Children's Health Plan  
**Service Area:** Harris County and Harris County Contiguous  
**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>143,798</b>	<b>140,617</b>	<b>146,824</b>	<b>151,415</b>	<b>148,274</b>	<b>156,346</b>	<b>155,779</b>	<b>149,775</b>	<b>142,168</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,334,996</b>
<b>Revenues:</b>													
2 Premiums (HHSC Capitation)	23,846,985	23,350,935	24,089,991	24,624,261	24,239,873	25,109,722	25,147,519	24,552,881	23,331,145	0	0	0	<b>218,293,312</b>
3 Delivery Supplemental Payments	1,773,677	1,777,196	1,471,026	1,791,272	1,537,890	1,404,161	1,326,738	1,340,815	1,168,374	0	0	0	<b>13,591,149</b>
4 Bariatric Supplemental Payments	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
5 Investment Income	101,812	110,106	88,705	123,378	79,923	75,076	75,560	75,062	77,862				<b>807,483</b>
6 Other Revenue													<b>0</b>
<b>7 Total Revenues</b>	<b>25,722,474</b>	<b>25,238,237</b>	<b>25,649,722</b>	<b>26,538,911</b>	<b>25,857,686</b>	<b>26,588,959</b>	<b>26,549,817</b>	<b>25,968,758</b>	<b>24,577,381</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>232,691,944</b>
<b>Medical Expenses:</b>													
Capitated Services:													
8 Single Service	179,558	175,586	183,336	189,069	185,147	195,226	194,518	187,021	177,522	0	0	0	<b>1,666,983</b>
9 Delegated Networks	207,401	202,813	211,765	218,387	213,857	225,499	224,681	216,021	205,050	0	0	0	<b>1,925,474</b>
10 Fee-For-Service	17,807,911	20,425,581	18,743,969	21,164,716	22,506,386	20,896,289	21,762,245	17,919,499	6,690,009	0	0	0	<b>167,916,605</b>
11 IBNR Accrual	203,717	383,152	488,197	764,805	1,287,071	1,717,896	2,963,879	5,459,415	14,486,480	0	0	0	<b>27,754,612</b>
<b>12 Total Medical Expenses</b>	<b>18,398,586</b>	<b>21,187,131</b>	<b>19,627,268</b>	<b>22,336,977</b>	<b>24,192,460</b>	<b>23,034,910</b>	<b>25,145,324</b>	<b>23,781,957</b>	<b>21,559,061</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>199,263,674</b>
13 Total Administrative Expenses	2,316,427	2,255,025	2,463,975	2,818,812	2,717,238	2,491,351	2,660,253	2,386,216	2,635,695	0	0	0	<b>22,744,990</b>
<b>14 Total Expenses</b>	<b>20,715,013</b>	<b>23,442,156</b>	<b>22,091,243</b>	<b>25,155,789</b>	<b>26,909,698</b>	<b>25,526,261</b>	<b>27,805,577</b>	<b>26,168,173</b>	<b>24,194,756</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>222,008,664</b>
<b>15 Net Income Before Taxes</b>	<b>5,007,461</b>	<b>1,796,081</b>	<b>3,558,479</b>	<b>1,383,122</b>	<b>(1,052,012)</b>	<b>1,062,698</b>	<b>(1,255,760)</b>	<b>(199,415)</b>	<b>382,625</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,683,280</b>
16 % of Medical Exp to Premiums + DSP + BSP	71.8%	84.3%	76.8%	84.6%	93.9%	86.9%	95.0%	91.8%	88.0%	0.0%	0.0%	0.0%	<b>85.9%</b>
17 % of Administrative Exp to Premiums + DSP + BSP	9.0%	9.0%	9.6%	10.7%	10.5%	9.4%	10.0%	9.2%	10.8%	0.0%	0.0%	0.0%	<b>9.8%</b>
18 % of Net Income to Total Revenues	19.5%	7.1%	13.9%	5.2%	-4.1%	4.0%	-4.7%	-0.8%	1.6%	0.0%	0.0%	0.0%	<b>4.6%</b>
19 Performance Assessment													
20 Quality Challenge Award													
21 Liquidated Damages	(7,500)			(18,600)									<b>(26,100)</b>

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.