

## 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:** 10/23/09  
**Submission Type:** SFY08  
**Accrual Date:** 07/31/09

**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>13,363</b>	<b>15,016</b>	<b>16,151</b>	<b>17,290</b>	<b>18,516</b>	<b>19,310</b>	<b>19,991</b>	<b>20,430</b>	<b>20,596</b>	<b>21,065</b>	<b>21,498</b>	<b>21,592</b>	<b>224,818</b>
<b>Revenues:</b>													
2 Premiums (HHSC Capitation)	6,487,329	7,193,715	7,649,099	8,092,408	8,600,442	8,925,826	9,267,158	9,566,748	9,710,572	9,957,810	10,203,218	10,215,714	<b>105,870,039</b>
3 Delivery Supplemental Payments	65,100	68,200	65,100	49,600	77,500	31,000	52,700	80,600	40,300	43,400	80,600	46,500	<b>700,600</b>
4 Investment Income	90,520	92,235	85,370	101,306	125,397	68,104	96,281	76,230	82,510	86,057	90,976	92,574	<b>1,087,560</b>
5 Other Revenue													<b>0</b>
<b>6 Total Revenues</b>	<b>6,642,949</b>	<b>7,354,150</b>	<b>7,799,569</b>	<b>8,243,314</b>	<b>8,803,339</b>	<b>9,024,930</b>	<b>9,416,139</b>	<b>9,723,578</b>	<b>9,833,382</b>	<b>10,087,267</b>	<b>10,374,794</b>	<b>10,354,788</b>	<b>107,658,199</b>
<b>Medical Expenses:</b>													
Capitated Services:													
7 Single Service	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
8 Delegated Networks	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
9 Fee-For-Service	4,233,236	5,335,344	5,441,633	5,759,814	5,899,001	5,398,703	5,568,240	5,828,563	5,855,312	5,844,128	6,620,005	6,239,215	<b>68,023,193</b>
10 IBNR Accrual	168,429	185,065	182,564	148,128	187,272	115,603	117,714	117,704	89,273	104,262	120,064	122,102	<b>1,658,180</b>
11 Total Medical Expenses	4,401,665	5,520,409	5,624,197	5,907,942	6,086,273	5,514,306	5,685,954	5,946,267	5,944,585	5,948,390	6,740,069	6,361,317	<b>69,681,373</b>
12 Total Administrative Expenses	502,288	590,063	636,523	687,061	687,388	730,385	792,002	824,651	631,131	984,642	901,464	786,772	<b>8,754,371</b>
13 Total Expenses	4,903,953	6,110,472	6,260,720	6,595,003	6,773,661	6,244,691	6,477,956	6,770,918	6,575,716	6,933,032	7,641,533	7,148,089	<b>78,435,744</b>
<b>14 Net Income Before Taxes</b>	<b>1,738,996</b>	<b>1,243,678</b>	<b>1,538,849</b>	<b>1,648,311</b>	<b>2,029,678</b>	<b>2,780,239</b>	<b>2,938,183</b>	<b>2,952,660</b>	<b>3,257,666</b>	<b>3,154,235</b>	<b>2,733,261</b>	<b>3,206,699</b>	<b>29,222,455</b>
15 % of Medical Exp to Premiums + DSP	67.2%	76.0%	72.9%	72.6%	70.1%	61.6%	61.0%	61.6%	61.0%	59.5%	65.5%	62.0%	<b>65.4%</b>
16 % of Administrative Exp to Premiums + DSP	7.7%	8.1%	8.3%	8.4%	7.9%	8.2%	8.5%	8.5%	6.5%	9.8%	8.8%	7.7%	<b>8.2%</b>
17 % of Net Income to Total Revenues	26.2%	16.9%	19.7%	20.0%	23.1%	30.8%	31.2%	30.4%	33.1%	31.3%	26.3%	31.0%	<b>27.1%</b>
18 Performance Assessment													
19 Quality Challenge Award													
20 Liquidated Damages													<b>0</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.