

## 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:** 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>99,407</b>	<b>97,831</b>	<b>97,097</b>	<b>96,404</b>	<b>94,435</b>	<b>92,804</b>	<b>91,394</b>	<b>91,873</b>	<b>92,301</b>	<b>93,686</b>	<b>95,745</b>	<b>95,888</b>	<b>1,138,865</b>
<b>Revenues:</b>													
2 Premiums (HHSC Capitation)	21,341,513	20,897,334	20,339,562	19,925,789	19,385,799	18,922,099	18,639,157	18,516,254	18,489,408	18,514,867	18,714,027	18,720,048	<b>232,405,859</b>
3 Delivery Supplemental Payments	2,938,532	2,896,302	2,769,610	2,667,554	2,604,208	2,361,383	2,593,650	2,364,902	2,466,959	2,354,345	2,910,378	2,727,380	<b>31,655,203</b>
4 Bariatric Supplemental Payments	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
5 Investment Income	335,420	302,209	255,739	281,116	317,758	161,830	219,350	164,996	177,328	179,572	191,300	193,475	<b>2,780,093</b>
6 Other Revenue													<b>0</b>
<b>7 Total Revenues</b>	<b>24,615,465</b>	<b>24,095,845</b>	<b>23,364,911</b>	<b>22,874,459</b>	<b>22,307,765</b>	<b>21,445,312</b>	<b>21,452,157</b>	<b>21,046,152</b>	<b>21,133,695</b>	<b>21,048,784</b>	<b>21,815,705</b>	<b>21,640,903</b>	<b>266,841,155</b>
<b>Medical Expenses:</b>													
Capitated Services:													
8 Single Service	120,503	117,173	121,846	120,506	118,681	117,733	115,796	136,865	136,302	137,089	138,046	137,932	<b>1,518,472</b>
9 Delegated Networks	404,213	399,180	399,612	399,397	392,847	387,908	383,146	387,458	390,742	398,549	420,427	137,395	<b>4,500,874</b>
10 Fee-For-Service	16,479,438	18,547,161	19,865,846	16,938,904	19,232,113	21,168,179	17,330,135	16,911,125	16,733,908	15,802,425	18,585,213	16,412,712	<b>214,007,159</b>
11 IBNR Accrual	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>12 Total Medical Expenses</b>	<b>17,004,154</b>	<b>19,063,514</b>	<b>20,387,304</b>	<b>17,458,807</b>	<b>19,743,641</b>	<b>21,673,820</b>	<b>17,829,077</b>	<b>17,435,448</b>	<b>17,260,952</b>	<b>16,338,063</b>	<b>19,143,686</b>	<b>16,688,039</b>	<b>220,026,505</b>
13 Total Administrative Expenses	1,866,422	1,903,249	1,871,487	1,814,880	1,747,431	1,691,331	1,863,080	1,760,679	1,737,890	1,700,650	1,880,022	1,617,567	<b>21,454,688</b>
<b>14 Total Expenses</b>	<b>18,870,576</b>	<b>20,966,763</b>	<b>22,258,791</b>	<b>19,273,687</b>	<b>21,491,072</b>	<b>23,365,151</b>	<b>19,692,157</b>	<b>19,196,127</b>	<b>18,998,842</b>	<b>18,038,713</b>	<b>21,023,708</b>	<b>18,305,606</b>	<b>241,481,193</b>
<b>15 Net Income Before Taxes</b>	<b>5,744,889</b>	<b>3,129,082</b>	<b>1,106,120</b>	<b>3,600,772</b>	<b>816,693</b>	<b>(1,919,839)</b>	<b>1,760,000</b>	<b>1,850,025</b>	<b>2,134,853</b>	<b>3,010,071</b>	<b>791,997</b>	<b>3,335,297</b>	<b>25,359,962</b>
16 % of Medical Exp to Premiums + DSP + BSP	70.0%	80.1%	88.2%	77.3%	89.8%	101.8%	84.0%	83.5%	82.4%	78.3%	88.5%	77.8%	<b>83.3%</b>
17 % of Administrative Exp to Premiums + DSP + BSP	7.7%	8.0%	8.1%	8.0%	7.9%	7.9%	8.8%	8.4%	8.3%	8.1%	8.7%	7.5%	<b>8.1%</b>
18 % of Net Income to Total Revenues	23.3%	13.0%	4.7%	15.7%	3.7%	-9.0%	8.2%	8.8%	10.1%	14.3%	3.6%	15.4%	<b>9.5%</b>
19 Performance Assessment													
20 Quality Challenge Award													
21 Liquidated Damages								(650)		(975)			<b>(1,625)</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.