

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: Molina Healthcare of Texas
Service Area: Harris
Submission Date: 08/28/09
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
1 Total Member Months	10,499	10,302	10,173	9,941	9,565	9,253	8,931	8,803	8,775	8,892	9,040	9,025	113,199
Revenues:													
2 Premiums (HHSC Capitation)	1,595,178	1,571,091	1,562,864	1,528,283	1,469,492	1,434,491	1,399,068	1,377,341	1,361,934	1,389,089	1,434,168	1,443,955	17,566,954
3 Delivery Supplemental Payments	105,576	98,538	98,538	87,980	98,538	102,057	91,499	56,307	112,614	151,326	154,845	175,960	1,333,778
4 Bariatric Supplemental Payments	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Investment Income	21,057	19,795	22,657	26,330	25,114	20,532	16,201	16,397	13,873	12,219	13,223	13,063	220,461
6 Other Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Total Revenues	1,721,811	1,689,424	1,684,059	1,642,593	1,593,144	1,557,080	1,506,768	1,450,045	1,488,421	1,552,634	1,602,236	1,632,978	19,121,193
Medical Expenses:													
Capitated Services:													
8 Single Service	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Delegated Networks	50,050	25,434	49,333	46,830	29,217	25,719	26,572	26,381	26,679	26,384	27,761	27,264	387,624
10 Fee-For-Service	1,112,808	1,151,643	1,073,086	964,225	976,797	1,367,536	999,805	1,076,516	1,339,043	1,622,933	1,211,193	1,099,896	13,995,479
11 IBNR Accrual	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Total Medical Expenses	1,162,858	1,177,077	1,122,419	1,011,055	1,006,014	1,393,255	1,026,377	1,102,897	1,365,722	1,649,317	1,238,954	1,127,160	14,383,103
13 Total Administrative Expenses	214,983	195,780	174,243	257,538	206,142	212,937	201,966	191,287	232,614	205,530	209,432	238,474	2,540,925
14 Total Expenses	1,377,841	1,372,857	1,296,662	1,268,593	1,212,156	1,606,192	1,228,343	1,294,184	1,598,336	1,854,847	1,448,386	1,365,634	16,924,028
15 Net Income Before Taxes	343,970	316,567	387,397	374,000	380,988	(49,112)	278,425	155,861	(109,915)	(302,213)	153,850	267,344	2,197,165
16 % of Medical Exp to Premiums + DSP + BSP	68.4%	70.5%	67.6%	62.6%	64.2%	90.7%	68.9%	76.9%	92.6%	107.1%	78.0%	69.6%	76.1%
17 % of Administrative Exp to Premiums + DSP + BSP	12.6%	11.7%	10.5%	15.9%	13.1%	13.9%	13.5%	13.3%	15.8%	13.3%	13.2%	14.7%	13.4%
18 % of Net Income to Total Revenues	20.0%	18.7%	23.0%	22.8%	23.9%	-3.2%	18.5%	10.7%	-7.4%	-19.5%	9.6%	16.4%	11.5%
19 Performance Assessment													0
20 Quality Challenge Award													0
21 Liquidated Damages	0	0	0	(15,000)	0	0	0	0	0	0	(10,000)	0	(25,000)

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.