

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 MCOs (Managed Care Organization) by HHSC.
- **Delivery Supplemental Payments** – A one-time per pregnancy supplemental payment made by HHSC to STAR, CHIP MCOs.
- **Pharmacy Premiums** - Pharmacy capitation payments paid to MCOs by HHSC
- **Investment Income** – All interest and dividend income resulting from investment of funds received.
- **Other Revenue** – Any and all income generated from other sources.
- **Premium Taxes** – Premium taxes incurred by MCOs for premiums applicable to the reported period.
- **Maintenance Taxes** – Maintenance taxes incurred by MCOs for premiums applicable to the reported period.

Medical Expenses:

- **Fee for Service** – Non-capitated payments for services rendered to the members.
- **Capitated Services** – Includes PCPs and Hospitals capitation payments which are amounts paid to providers that do not pay claims to other providers from the capitation payments and also the capitation paid to subcontractors in which the capitation is the funding source for paying claims for healthcare services performed in each Texas service area.
- **Net Reinsurance Cost** – Total reinsurance premiums paid by the MCO net of reinsurance recoveries.
- **IBNR Accrual** – 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/CHIP operations of the MCO. Administrative expenses include Salaries, Wages and other benefits, Payroll taxes, Utilities and Maintenance, Auditing and other consulting expenses etc.

Performance Assessment – Amount of at-risk premium recouped by HHSC for failure to meet the performance expectation for which the MCO is at risk.

Quality Challenge Award – Amount awarded to the MCO for superior clinical quality, service delivery, access to care or member satisfaction.

Liquidated Damages - Amount assessed by HHSC as penalty for non-compliance with contract requirements.

HHSC FINANCIAL STATISTICAL REPORT (FSR)

MCO name:	United HealthCare / UnitedHealth Group		
State Fiscal Year:	2016	Program:	CHIP
Submission Date:	6/30/2016	Service Area:	Harris / Houston
Submission Type:	Quarterly	Rptg Period End Date:	5/31/2016

Part 1: **Summary Income Statement**

HHSC Managed Care contract costs	Incurred Months:	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	YTD
1 Member Months		9,260	9,313	9,070	9,032	8,911	8,948	9,108	8,886	8,725	0	0	0	81,253
2 Average Monthly Member Months														9,028
Revenues:														
3 Medical Premiums		1,442,306	1,440,837	1,391,535	1,391,837	1,383,438	1,406,811	1,423,699	1,326,901	1,264,417	0	0	0	12,471,781
4 Delivery Supplemental Payments		0	15,500	18,600	12,400	0	6,200	0	3,100	6,200	0	0	0	62,000
5 Pharmacy Premiums		253,708	254,604	247,311	246,590	243,375	244,882	249,360	241,499	235,868	0	0	0	2,217,197
6 Investment Income		3,516	4,729	6,920	4,178	4,171	10,410	3,373	5,163	7,462	0	0	0	49,921
7 Health Insurance Providers Fee Reimbursement		467,714												467,714
8 Other Revenue		0	0	0	0	0	0	0	0	0	0	0	0	0
9 Total Gross Revenues		2,167,244	1,715,670	1,664,366	1,655,005	1,630,984	1,668,303	1,676,432	1,576,663	1,513,947	0	0	0	15,268,614
10 Health Insurance Providers Fee & Related Costs		480,440												480,440
11 Premium Taxes		37,865	29,941	29,005	28,889	28,469	29,013	29,279	27,501	26,363	0	0	0	266,327
12 Maintenance Taxes		602	605	590	587	579	582	592	578	567	0	0	0	5,281
13 Net Revenues		1,648,337	1,685,123	1,634,771	1,625,528	1,601,936	1,638,708	1,646,561	1,548,584	1,487,016	0	0	0	14,516,565
Medical Expenses:														
14 Fee-For-Service		726,047	897,349	868,812	842,235	910,001	918,710	973,078	757,716	212,668	0	0	0	7,106,617
15 Capitated Services		13,520	13,597	13,242	13,187	13,010	13,064	13,298	12,974	12,739	0	0	0	118,629
16 Patient Centered Medical Home Services		0	0	0	0	0	0	0	0	0	0	0	0	0
17 Net Reinsurance Cost		0	0	0	0	0	0	0	0	0	0	0	0	0
18 IBNR Accrual - Medical		1,702	2,609	5,152	5,229	11,102	27,856	20,535	184,174	727,553	0	0	0	985,912
19 Total Medical Expenses		741,269	913,555	887,206	860,651	934,113	959,630	1,006,911	954,864	952,959	0	0	0	8,211,158
20 Prescription Expenses (excluding PBM Admin)		248,195	214,836	193,927	274,587	242,547	282,993	305,487	219,640	205,470	0	0	0	2,187,682
21 Total Medical and Prescription Expenses		989,464	1,128,391	1,081,133	1,135,238	1,176,660	1,242,623	1,312,398	1,174,504	1,158,429	0	0	0	10,398,840
22 Administrative Expenses		115,112	98,889	90,198	113,606	94,379	93,417	100,660	94,474	101,012	0	0	0	901,748
23 Total Expenses		1,104,576	1,227,280	1,171,331	1,248,844	1,271,040	1,336,040	1,413,058	1,268,978	1,259,441	0	0	0	11,300,588
24 Net Income Before Taxes		543,761	457,843	463,440	376,684	330,896	302,668	233,503	279,606	227,575	0	0	0	3,215,977
25 % Medical Exp to Net Revenues		45.0%	54.2%	54.3%	52.9%	58.3%	58.6%	61.2%	61.7%	64.1%	0.0%	0.0%	0.0%	56.6%
26 % Prescription Exp to Net Revenues		15.1%	12.7%	11.9%	16.9%	15.1%	17.3%	18.6%	14.2%	13.8%	0.0%	0.0%	0.0%	15.1%
27 % Total Medical and Prescription to Net Rev. (MLR)		60.0%	67.0%	66.1%	69.8%	73.5%	75.8%	79.7%	75.8%	77.9%	0.0%	0.0%	0.0%	71.6%
28 % Admin Exp to Net Revenues		7.0%	5.9%	5.5%	7.0%	5.9%	5.7%	6.1%	6.1%	6.8%	0.0%	0.0%	0.0%	6.2%
29 % Net Income to Net Revenues		33.0%	27.2%	28.3%	23.2%	20.7%	18.5%	14.2%	18.1%	15.3%	0.0%	0.0%	0.0%	22.2%
30 % Adj. Admin to Net Revenues (excludes taxes and Prescription pass-through)		8.3%	6.9%	6.5%	8.2%	6.9%	6.7%	7.2%	7.2%	8.1%	0.0%	0.0%	0.0%	7.3%
Post-income items:														
31 Performance Assessment														0

Note: Except where stated otherwise, reporting is on an incurred basis (that is, reported in the period corresponding to dates of service, rather than to date paid). All prior quarters' data must be updated to reflect the most recent revised IBNR estimates.