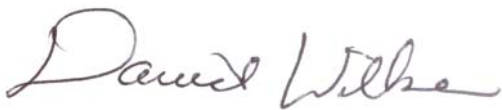


**STATE OF TEXAS  
CHILDREN'S HEALTH INSURANCE  
PROGRAM  
CHIP RATE SETTING  
STATE FISCAL YEAR 2008**

Prepared for:  
Texas Health and Human Services Commission

A handwritten signature in cursive script that reads "David Wilkes".

Prepared by:  
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Rudd and Wisdom, Inc.

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## I. Introduction

Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to develop the state fiscal year 2008 (FY2008, September 1, 2007 through August 31, 2008) premium rates for health plans participating in the Texas Children's Health Insurance Program (CHIP). This report presents the rating methodology and assumptions used in developing the premium rates.

Rudd and Wisdom has provided actuarial services to the Texas Medicaid program for over 20 years. We have participated in the state's Medicaid managed care rating process since its inception in 1993 and in developing premium rates for CHIP plans since that program's inception in 2000. This year, as in previous years, we have worked closely with HHSC in developing the FY2008 CHIP premium rates.

Rudd and Wisdom has relied on the following data sources as provided by HHSC, the participating health plans and the agency's External Quality Review Organization (EQRO):

- Monthly enrollment by age group for each health plan. This includes historical enrollment since September 2003 and a projection of future enrollment through August 2008. These projections were prepared by HHSC System Forecasting staff.
- Claim lag reports by age group for each health plan for the period September 2003 through March 2007. These reports were provided by the health plans and include monthly paid claims by month of service.
- Financial Statistical Reports (FSR) for each participating health plan for FY2005, FY2006 and the first six months of FY2007. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the health plan.
- Reports from the EQRO summarizing their analysis of the health plan's encounter data.
- Current (FY2007) premium rates for each health plan.
- The number of maternity deliveries by health plan for the period September 2003 through December 2006.
- Information regarding recent changes in covered services and provider reimbursement under the State Medicaid and CHIP programs.
- Information from the health plans regarding current and projected payment rates for certain capitated services, such as mental health and vision.
- FY2006 acuity risk adjustment analysis prepared by the EQRO for each participating health plan.
- Information from the health plans regarding current and projected reinsurance premium rates.
- Information from HHSC regarding FY2006 CHIP claims cost by health plan by type of service from the encounter database.
- Information from HHSC regarding proposed FY2008 Medicaid provider reimbursement rates.

Although the above data was reviewed for reasonableness, Rudd and Wisdom did not audit the data.

## II. Overview of the Rate Setting Methodology

The actuarial model used to derive the FY2008 CHIP premium rates relies primarily on health plan financial experience. The historical claims experience data for each health plan was analyzed and estimates for the base period (FY2006) were developed. These estimates were then projected forward to FY2008 using assumed trend rates. Other plan expenditures such as capitated amounts, reinsurance costs and administrative expenses were added to the claims component in order to project the total FY2008 cost under the health plan. These projected total cost rates were determined separately for each health plan. The results of this analysis were then combined for all health plans in a service area in order to develop a set of community rates for each service area.

The health plans under review are located in the following service areas:

- Austin Area
- Corpus Christi Area
- Dallas Area
- El Paso Area
- Exclusive Provider Organization Area
- Fort Worth Area
- Houston Area
- Laredo Area
- Lubbock Area
- San Antonio Area

The Exclusive Provider Organization (EPO) plan serves 170 mostly rural Texas counties. The FY2008 premium rates for the EPO were developed using the same methodology as that used for all other CHIP health plans.

Premium rates were determined for the following age groups:

- Under Age One Year
- Ages 1 – 5
- Ages 6 - 14
- Ages 15 - 18

The services used in the analysis include the following:

- Inpatient Hospital
- Outpatient Hospital
- Physician Services
- Other Professional Services
- Lab, X-ray and Radiology Services
- Medical Supplies
- Behavioral Health Services
- EPSDT Medical Services
- Family Planning and Genetics Services
- Hearing Services
- Home Health Services

- Emergency Room Services
- Ambulance Services
- Vision Services

Services specifically excluded from the analysis include:

- Prescription Drugs
- Dental and Orthodontia Services

After accumulating all of the information to be used in the rate setting process, a comparison of the various sources of claims data was performed to check for consistency. We compared (i) the claim lag reports provided by the health plans, (ii) the claim amounts included in the FSRs and (iii) the claim amounts in the encounter data files as provided by the EQRO. There was satisfactory consistency between the three claims data sources for each of the health plans.

We projected the FY2008 cost for each individual health plan by estimating their base period (FY2006) average claims cost and then applying trend and other adjustment factors. (These adjustment factors are described in more detail in Section III.) We added capitation expenses for services capitated by the health plan (such as vision and behavioral health), a net cost of reinsurance, a reasonable provision for administrative expenses and a risk margin. Attachment 2 presents a description and an example of the experience analysis for a sample health plan. This type of analysis was conducted on the experience of each participating CHIP health plan.

The analysis of base period claims experience for each health plan attempted to identify and adjust for any distortions in the data. Significant variations in experience, including the impact from unusually large individual claims, were investigated and adjustments were made if deemed appropriate.

HHSC utilized the combination of two rating methodologies in setting the FY2008 CHIP premium rates – individual plan experience rating and community rating. The individual plan experience rating method is described above and documented in Attachment 2. The community rates are developed by a weighted average of the projected FY2008 cost for each health plan in the service area (from the individual plan experience rating method). The weights used in this formula are the projected FY2008 number of members enrolled in each health plan by age group. Attachment 3 presents the summary community rating exhibit for each service area along with a description of the analysis.

The base community rate in each service area was adjusted to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective memberships. Additional information regarding risk adjustment is included in Section III below under Risk Adjustment and in Attachment 6.

The FY2008 CHIP health plan premium rates were then defined as the following: the minimum of (a) 110% of the rate developed using the individual experience of the plan and (b) the community rate with risk adjustment.

In addition to the premium, HHSC pays the CHIP health plans a \$3,100 delivery supplemental payment (DSP) per maternity delivery. Additional information regarding DSP is included in Attachment 7.

### III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2008 CHIP rate setting process.

#### ***Trend Factors***

The rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience under the CHIP program. The analysis included a review of HMO and EPO claims experience data through March, 2007. This analysis was used to select an annual trend rate assumption of 1.0% for FY2007 and 5.0% for FY2008 for each health plan.

#### ***Provider Reimbursement Adjustment***

As a component of the Frew lawsuit settlement, the Texas Medicaid program will implement significant changes in provider reimbursement effective September 1, 2007. Professional provider reimbursement will increase an average of 25% for children. Although the Frew settlement agreement does not directly impact CHIP, it would likely create significant difficulty for a health plan in maintaining their physician network if they did not increase their CHIP reimbursement rates to be consistent with Medicaid. Therefore, in deriving the FY2008 premium rates, we have assumed that physician reimbursement under CHIP will increase at the same rate as that under Medicaid.

In developing the Frew adjustment factors, we used health plan encounter data from FY2006. To this claims experience we applied the proposed FY2008 Medicaid provider reimbursement schedule. The additional cost due to the increased reimbursement rates was then divided by total FY2006 claims (from the encounter data) to yield the overall claims adjustment factor.

It is anticipated that provisions of the Frew settlement will result in increased utilization of certain services under CHIP. We have assumed that there will be a 16.5% increase in the utilization of well-child (EPSDT) services and a 5% increase in the utilization of medical (type of service 1) services. The utilization adjustment factors were derived in a similar manner as that described above for the reimbursement increase.

Certain health plan capitation rates (such as those for primary care physician, behavioral health and vision services) were also adjusted to reflect the provider reimbursement increases resulting from Frew.

Exhibit A of Attachment 4 presents a summary of the derivation of the adjustment factors related to the Frew lawsuit settlement.

In addition to those resulting from the Frew settlement, there were several other significant revisions to the Texas Medicaid fee schedule. Reimbursement increases were provided for the following services: ambulance services, State-owned teaching hospitals, physician administered drugs and therapy services (physical, occupational and speech) provided



through home health agencies.

The rating adjustments for these provider reimbursement changes were calculated in a manner similar to those for the Frew settlement, described above. The reimbursement change was applied to actual FY2006 health plan encounter data and the resulting impact determined. Exhibit B of Attachment 4 presents a summary of the derivation of these adjustment factors.

The 2.5% reduction in reimbursement rates to professional, outpatient facility and certain other providers implemented in FY2004 was restored. Exhibits C and D of Attachment 4 present the estimated cost impact from this revision. The FY2006 FSRs provided by the health plans were used in this analysis.

### ***Investment Income Adjustment***

An investment income credit was included in the rating process to account for the income expected to be generated between the time the health plan receives the premium from HHSC and the time they pay claims. We have assumed that the value of this timing (or cash flow) difference is 0.32% of premium. Attachment 5 presents our analysis and estimate of the value of this revision.

### ***Risk Adjustment***

Several risk adjustment techniques are employed in the rate setting methodology. Premium rates are established separately by area and age group in order to recognize the inherent geographical and demographical variation in the cost of delivering care. In an attempt to treat the health plans more equitably regarding maternity expenses, the methodology includes a separate payment for maternity services. The rating methodology also includes a health status adjustment.

The base community rate in each service area was adjusted to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective members. The risk analysis was performed by the University of Florida's Institute for Child Health Policy (ICHP). The methodology used to incorporate the acuity risk adjustment is the Chronic Illness and Disability Payment System (CDPS). Additional information regarding risk adjustment is included in Attachment 6.

Although the results of the risk adjustment analysis were reviewed for reasonableness, Rudd and Wisdom did not audit the risk adjustment data or the results of ICHP's analysis.

#### IV. Administrative Fees and Risk Margin

The rating methodology includes an explicit provision for health plan administrative expenses. The amount allocated for administrative expenses is the greater of (a) \$10.1025 pmpm (pmpm) plus 7.5% of gross premium and (b) \$16.1025 pmpm plus 1.75% of gross premium. These amounts were intended to provide for all administrative-related services performed by the health plan.

The premium rates also include a risk margin equal to 2.0% of gross premium.

## V. CHIP Perinatal

Since January 1, 2007, a new group of clients have been covered under the CHIP program – CHIP Perinatal. The purpose of the new program is to extend CHIP services to unborn children of certain non-Medicaid eligible women. Newborns under this program will receive the same benefits as current CHIP participants. There will be no cost sharing applied to these participants. Also, for those newborns under 185% of the Federal Poverty Level (FPL), the initial inpatient facility cost will not be the financial responsibility of the health plan. Those costs will be carved-out and paid for by the Medicaid Fee-for-Service plan. All costs (including those for the initial inpatient facility stay) for newborns between 185% and 200% FPL are the responsibility of the health plan.

The CHIP benefits provided to expectant mothers are more limited in scope. They include the professional component of delivery services (for those clients under 185% FPL) and limited prenatal and post-natal services only. There will be no cost sharing applied to these participants.

We have developed premium rates for four categories of clients: (1) newborns under 185% of the Federal Poverty Level (FPL); (2) newborns between 185% and 200% FPL; (3) expectant mothers under 185% FPL; and (4) expectant mothers between 185% and 200% FPL.

Our basis for CHIP Perinatal newborn rates was STAR newborn rates. We began with FY2008 STAR newborn rates by service area. For those CHIP service areas that are not a STAR area (Laredo and the EPO service area) we used the overall average STAR newborn rate. To the STAR rates we made adjustments for: (1) removal of delayed enrollment; (2) benefit differences between STAR and CHIP; (3) an additional 1% risk margin (3% versus the STAR program's 2%) and (4) the impact of carve-out of the initial inpatient facility cost for newborns under 185% FPL.

The basis for premium rates for expectant mothers was FY2004 and FY2005 fee-for-service (FFS) plan claims experience for selected services for TP 40 clients – pregnant women who are below 185% FPL and eligible only because they are pregnant (provided by HHSC Strategic Decision Support staff). This claims experience was trended forward to FY2008 assuming a 5% annual trend. The expectant mother rate for clients under 185% FPL also includes \$315.33 pmpm (equals \$1,100 plus an additional amount to adjust for the loss of upper payment limit divided by four months expected enrollment) for the professional component of delivery services. Provisions for administrative expenses and risk margin were added to the projected claims, and an investment income credit was taken to produce the FY2008 premium rates for expectant mothers. The administrative expense provision was set equal to the average administrative fee included in the STAR rates. The risk margin is 3% which is 1% higher than that used for the regular CHIP program. The use of a higher risk margin was deemed appropriate given that CHIP Perinatal is a new program with no direct experience data to draw from. The expectant mother premium rates are the same for all areas.

Attachment 8 includes documentation regarding the rate calculation for CHIP Perinatal.

## VI. CHIP Dental

The actuarial model used to derive the FY2008 CHIP Dental premium rates relies primarily on dental plan financial experience. Historical claims experience data for the dental plan was analyzed and estimates for the base period (September, 2006 through April, 2007) were developed. The claims experience was trended forward to FY2008 using an assumed annual trend rate of 5%. A seasonal adjustment was applied to the base period data in order to adjust for increased utilization during the summer months. Provisions for administrative expenses and risk margin were added to the projected claims and an investment income credit was taken to produce the FY2008 premium rates.

The Texas Medicaid program will implement significant changes in dental provider reimbursement effective September 1, 2007 in response to the Frew lawsuit settlement. Medicaid dental provider reimbursement will increase an average of over 90%. Although the Frew agreement does not directly impact CHIP, it would likely create significant difficulty for a dental vendor in maintaining their network if they did not increase their CHIP reimbursement rates to be consistent with Medicaid. Therefore, in deriving the FY2008 premium rates, we have assumed that dental provider reimbursement under CHIP will increase to the same level as that under Medicaid.

Our analysis of the Frew agreement impact is based on actual dental plan claims experience for FY2006 and the proposed FY2008 Medicaid dental fee schedule. We estimate that the revised fee schedule will increase claims cost by 41.1%. This adjustment factor is lower than the Medicaid increase discussed above (over 90%) because the dental vendor currently reimburses many services at rates in excess of Medicaid rates.

It is anticipated that provisions of the Frew agreement will result in increased utilization of dental services. We estimate that the increased utilization will increase CHIP dental claims cost by 10.0%.

Attachment 9 includes documentation regarding the rate calculation for CHIP Dental.

## VII. Summary

The chart below presents results of the FY2008 CHIP rating analysis.

Health Plan	Regular CHIP				DSP
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	
FY2008 Premium Rates pmpm					
Seton – Austin	129.53	99.35	86.64	117.02	3,100.00
Superior - Austin	129.53	99.35	86.64	117.02	3,100.00
Amerigroup – Corpus	62.31	97.40	84.79	116.44	3,100.00
Driscoll – Corpus	62.31	97.40	84.79	116.44	3,100.00
Superior – Corpus	62.31	97.40	84.79	116.44	3,100.00
Amerigroup – Dallas	166.38	90.24	83.41	79.50	3,100.00
Parkland – Dallas	212.14	97.68	90.52	80.99	3,100.00
Unicare – Dallas	190.04	93.83	86.87	80.19	3,100.00
El Paso First – El Paso	73.78	68.70	64.35	70.66	3,100.00
Superior – El Paso	67.70	67.69	58.59	64.24	3,100.00
Aetna – Fort Worth	127.32	97.27	89.49	112.26	3,100.00
Amerigroup – Fort Worth	127.32	97.27	89.49	112.26	3,100.00
Cook – Fort Worth	127.32	97.27	89.49	112.26	3,100.00
Amerigroup – Houston	98.86	79.95	62.04	80.98	3,100.00
CHC – Houston	142.01	107.26	87.50	116.35	3,100.00
Molina – Houston	142.01	107.26	87.50	116.35	3,100.00
TCHP – Houston	143.96	108.68	88.87	118.80	3,100.00
UHC – Houston	146.30	107.19	90.44	120.08	3,100.00
Mercy – Laredo	110.96	91.31	72.42	90.77	3,100.00
Firstcare – Lubbock	80.56	73.91	59.85	90.62	3,100.00
Superior – Lubbock	80.56	78.16	62.30	89.83	3,100.00
Aetna – San Antonio	112.69	112.67	77.48	99.63	3,100.00
CFHP – San Antonio	114.11	110.73	78.77	101.14	3,100.00
Superior – San Antonio	89.60	93.96	60.55	78.04	3,100.00
Superior – EPO	85.52	89.16	71.87	99.85	3,100.00

Service Area	CHIP Perinatal				DSP
	Newborns Under 185% FPL	Newborns 185-200% FPL	Perinate Under 185% FPL	Perinate 185-200% FPL	
	FY2008 Premium Rates pmpm				
Austin	434.23	816.04	539.19	175.04	3,100.00
Corpus Christi	523.42	983.65	539.19	175.04	3,100.00
Dallas	385.98	725.37	539.19	175.04	3,100.00
El Paso	323.76	608.42	539.19	175.04	3,100.00
Fort Worth	335.81	631.08	539.19	175.04	3,100.00
Houston	398.90	749.63	539.19	175.04	3,100.00
Laredo	385.87	725.15	539.19	175.04	3,100.00
Lubbock	244.43	459.35	539.19	175.04	3,100.00
San Antonio	394.44	741.26	539.19	175.04	3,100.00
EPO Area	385.87	725.15	539.19	175.04	3,100.00

Tier	CHIP Dental			
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18
FY2008 Premium Rates pmpm				
Tier I	1.92	10.60	17.33	13.88
Tier II	1.92	10.70	17.52	14.03
Tier III	1.93	10.91	17.91	14.33

Attachment 1 presents additional information regarding the FY2008 rates including a comparison to current (FY2007) rates.

## VIII. Attachments

***Attachment 1***

Summary of FY2008 CHIP Rating Analysis

The attached exhibit presents summary information regarding the FY2008 CHIP rates. Included on the exhibit are current (FY2007) premium and delivery supplemental payment rates (DSP), projected FY2008 enrollment, FY2008 premium and DSP rates and a comparison of FY2007 and FY2008 rates.

FY2008 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
Projected FY2008 Member Months										
Seton - Austin	548	31,422	115,174	37,969	185,113					
Superior - Austin	274	13,270	35,827	8,666	58,037					
Driscoll - Corpus	101	17,837	79,891	31,450	129,280					
Amerigroup - Corpus	14	329	3,819	1,793	5,955					
Superior - Corpus	0	988	4,949	2,355	8,292					
Amerigroup - Dallas	821	59,953	199,943	59,049	319,766					
Parkland - Dallas	879	55,873	189,345	51,716	297,813					
Unicare - Dallas	202	7,115	33,424	9,126	49,866					
Cook - Fort Worth	821	56,489	202,775	63,449	323,534					
Aetna - Fort Worth	86	4,538	17,935	5,600	28,159					
Amerigroup - Fort Worth	288	13,342	33,252	8,222	55,104					
El Paso First - El Paso	159	14,172	84,497	36,413	135,241					
Superior - El Paso	86	9,620	42,806	14,799	67,312					
Amerigroup - Houston	375	39,654	139,531	47,020	226,579					
TCHP - Houston	1,945	138,072	435,369	133,935	709,321					
UTMB - Houston	461	37,249	178,261	70,738	286,708					
CHC - Houston	375	18,481	61,585	20,221	100,662					
Molina - Houston	245	2,820	20,767	6,503	30,335					
Mercy - Laredo	144	12,025	50,887	18,458	81,514					
Firstcare - Lubbock	43	6,199	25,114	9,288	40,645					
Superior - Lubbock	86	8,589	35,169	13,362	57,207					
CFHP - San Antonio	274	33,126	146,954	54,546	234,899					
Superior - San Antonio	216	17,737	74,814	27,243	120,010					
Aetna - San Antonio	101	4,008	19,222	6,992	30,323					
EPO Plan	1,510	171,101	706,898	265,134	1,144,643					
Total - All Plans	10,056	774,009	2,938,204	1,004,050	4,726,319					



FY2008 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
FY2007 (Current) Premium Rates pmpm						Projected FY2008 Premium Based on FY2007 Rates				
Seton - Austin	63.15	90.64	83.08	124.32	92.76	34,582	2,848,117	9,568,693	4,720,271	17,171,663
Superior - Austin	63.15	90.64	83.08	124.32	90.87	17,291	1,202,827	2,976,478	1,077,393	5,273,989
Driscoll - Corpus	89.40	93.77	78.78	97.60	85.43	9,018	1,672,574	6,293,835	3,069,567	11,044,995
Amerigroup - Corpus	89.40	93.77	78.78	97.60	85.30	1,288	30,874	300,833	174,949	507,945
Superior - Corpus	89.40	93.77	78.78	97.60	85.91	0	92,622	389,844	229,892	712,358
Amerigroup - Dallas	150.57	112.41	71.95	90.44	83.15	123,683	6,739,304	14,385,879	5,340,417	26,589,283
Parkland - Dallas	168.49	120.95	77.03	87.77	87.40	148,115	6,757,839	14,585,237	4,539,137	26,030,329
Unicare - Dallas	160.01	116.97	74.64	89.02	83.66	32,283	832,213	2,494,760	812,355	4,171,610
Cook - Fort Worth	36.69	95.11	87.26	123.95	95.70	30,138	5,372,627	17,694,105	7,864,515	30,961,386
Aetna - Fort Worth	36.69	95.11	87.26	123.95	95.67	3,172	431,607	1,564,989	694,090	2,693,858
Amerigroup - Fort Worth	36.69	95.11	87.26	123.95	94.37	10,575	1,268,953	2,901,594	1,019,100	5,200,222
El Paso First - El Paso	69.86	71.92	63.91	76.51	68.15	11,074	1,019,268	5,400,174	2,785,976	9,216,492
Superior - El Paso	61.24	73.74	57.09	67.88	61.85	5,295	709,375	2,443,797	1,004,580	4,163,048
Amerigroup - Houston	153.05	78.71	63.21	87.37	71.08	57,346	3,121,139	8,819,745	4,108,153	16,106,382
TCHP - Houston	239.35	110.24	88.54	122.48	99.59	465,654	15,221,059	38,547,557	16,404,349	70,638,618
UTMB - Houston	265.76	111.33	89.76	123.08	101.07	122,556	4,146,894	16,000,690	8,706,392	28,976,532
CHC - Houston	237.92	108.40	87.15	120.20	98.25	89,146	2,003,360	5,367,102	2,430,605	9,890,213
Molina - Houston	237.92	108.40	87.15	120.20	97.43	58,288	305,702	1,809,808	781,711	2,955,509
Mercy - Laredo	69.95	96.18	65.33	100.15	77.77	10,081	1,156,558	3,324,429	1,848,614	6,339,682
Firstcare - Lubbock	50.60	73.42	65.52	95.23	73.50	2,188	455,099	1,645,496	884,542	2,987,325
Superior - Lubbock	56.26	76.79	68.04	93.75	75.34	4,865	659,568	2,392,882	1,252,723	4,310,037
CFHP - San Antonio	124.20	92.65	74.33	98.52	82.59	34,007	3,069,108	10,923,062	5,373,850	19,400,027
Superior - San Antonio	100.58	78.71	61.06	84.70	69.11	21,742	1,396,062	4,568,146	2,307,504	8,293,454
Aetna - San Antonio	122.00	92.28	73.30	98.42	81.76	12,307	369,887	1,408,970	688,181	2,479,345
EPO Plan	124.90	90.14	70.85	93.69	79.10	188,651	15,423,064	50,083,707	24,840,373	90,535,796
Total - All Plans	148.50	98.59	76.88	102.54	86.04	1,493,346	76,305,700	225,891,809	102,959,242	406,650,098

FY2008 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
Delivery Supplemental Payments	FY2007 DSP Rates pmpm					Projected FY2008 Total Revenue Based on FY2007 Rates				
	FY2007 DSP Rates pmpm				Projected FY2007 DSP Counts	Total Revenue pmpm				Total Revenue
Seton - Austin	0.0002		7	20,846		92.88		17,192,510		
Superior - Austin	0.0002		2	4,758		90.95		5,278,747		
Driscoll - Corpus	0.0000		0	0		85.43		11,044,995		
Amerigroup - Corpus	0.0000		0	0		85.30		507,945		
Superior - Corpus	0.0000		0	0		85.91		712,358		
Amerigroup - Dallas	0.0000		1	4,103		83.17		26,593,386		
Parkland - Dallas	0.0001		6	17,746		87.46		26,048,075		
Unicare - Dallas	0.0001		1	1,890		83.69		4,173,500		
Cook - Fort Worth	0.0000		2	5,942		95.72		30,967,328		
Aetna - Fort Worth	0.0000		0	524		95.68		2,694,383		
Amerigroup - Fort Worth	0.0000		0	770		94.38		5,200,992		
El Paso First - El Paso	0.0000		1	3,598		68.18		9,220,090		
Superior - El Paso	0.0000		0	0		61.85		4,163,048		
Amerigroup - Houston	0.0002		8	24,998		71.20		16,131,381		
TCHP - Houston	0.0001		11	32,365		99.63		70,670,984		
UTMB - Houston	0.0001		5	16,014		101.12		28,992,546		
CHC - Houston	0.0001		2	5,857		98.31		9,896,070		
Molina - Houston	0.0001		1	1,884		97.49		2,957,393		
Mercy - Laredo	0.0001		2	7,498		77.87		6,347,180		
Firstcare - Lubbock	0.0000		0	0		73.50		2,987,325		
Superior - Lubbock	0.0000		0	0		75.34		4,310,037		
CFHP - San Antonio	0.0000		0	0		82.59		19,400,027		
Superior - San Antonio	0.0001		1	4,249		69.14		8,297,702		
Aetna - San Antonio	0.0000		0	323		81.77		2,479,668		
EPO Plan	0.0000		0	0		79.10		90,535,796		
Total - All Plans			51	153,367		86.07		406,803,464		

FY2008 CHIP Rating Summary

Health Plan	Age Bracket				Total	Age Bracket					
	<1	1-5	6-14	15-18		<1	1-5	6-14	15-18	Total	
FY2008 Premium Rates pmpm (Individual Experience Rating)						FY2008 Premium					
Seton - Austin	129.53	99.35	86.64	117.02	95.16	70,931	3,121,837	9,978,840	4,443,120	17,614,727	
Superior - Austin	129.53	99.35	86.64	117.02	94.29	35,465	1,318,425	3,104,060	1,014,134	5,472,084	
Driscoll - Corpus	62.31	97.40	84.79	116.44	94.21	6,286	1,737,259	6,774,308	3,662,154	12,180,007	
Amerigroup - Corpus	62.31	97.40	84.79	116.44	94.96	898	32,068	323,799	208,724	565,489	
Superior - Corpus	62.31	97.40	84.79	116.44	95.29	0	96,205	419,604	274,273	790,082	
Amerigroup - Dallas	61.15	72.31	92.69	79.50	86.35	50,234	4,335,275	18,532,478	4,694,671	27,612,658	
Parkland - Dallas	288.16	111.28	81.52	80.88	87.60	253,314	6,217,511	15,434,574	4,182,954	26,088,353	
Unicare - Dallas	190.04	93.83	86.87	80.19	87.06	38,341	667,572	2,903,459	731,799	4,341,171	
Cook - Fort Worth	127.32	97.27	89.49	112.26	95.41	104,582	5,494,652	18,146,671	7,122,941	30,868,846	
Aetna - Fort Worth	127.32	97.27	89.49	112.26	95.39	11,009	441,410	1,605,017	628,642	2,686,077	
Amerigroup - Fort Worth	127.32	97.27	89.49	112.26	94.97	36,695	1,297,774	2,975,808	923,005	5,233,283	
El Paso First - El Paso	91.62	75.94	69.53	76.17	72.01	14,523	1,076,302	5,874,824	2,773,528	9,739,177	
Superior - El Paso	41.13	63.28	53.64	56.29	55.58	3,557	608,736	2,296,030	833,082	3,741,404	
Amerigroup - Houston	76.82	67.12	62.04	61.66	62.88	28,782	2,661,700	8,657,125	2,899,414	14,247,022	
TCHP - Houston	161.94	119.27	95.87	127.78	106.63	315,057	16,467,385	41,736,698	17,114,090	75,633,230	
UTMB - Houston	134.89	103.86	86.96	130.00	99.85	62,203	3,868,501	15,502,315	9,196,020	28,629,039	
CHC - Houston	142.01	107.26	87.50	116.35	97.13	53,211	1,982,382	5,388,786	2,352,669	9,777,048	
Molina - Houston	142.01	107.26	87.50	116.35	95.96	34,792	302,501	1,817,120	756,646	2,911,059	
Mercy - Laredo	110.96	91.31	72.42	90.77	79.43	15,991	1,098,026	3,685,017	1,675,533	6,474,567	
Firstcare - Lubbock	64.84	67.70	66.91	114.21	77.84	2,803	419,657	1,680,411	1,060,835	3,163,706	
Superior - Lubbock	88.51	82.63	57.26	73.44	64.89	7,654	709,689	2,013,732	981,277	3,712,352	
CFHP - San Antonio	121.20	125.99	85.70	112.92	97.74	33,185	4,173,562	12,593,667	6,159,123	22,959,537	
Superior - San Antonio	97.72	81.22	57.01	68.17	63.20	21,124	1,440,576	4,265,361	1,857,045	7,584,106	
Aetna - San Antonio	112.69	112.67	77.48	99.63	87.35	11,368	451,609	1,489,248	696,618	2,648,844	
EPO Plan	85.52	89.16	71.87	99.85	80.95	129,164	15,255,233	50,802,181	26,474,322	92,660,901	
Total - All Plans	133.37	97.25	81.00	102.30	88.30	1,341,168	75,275,846	238,001,133	102,716,621	417,334,768	

\*For plans effective 9/1/2006 Individual Experience Rate is set equal to the FY2008 Community Rate

FY2008 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
FY2008 Premium Rate Change Relative to Current Rates						FY2008 Average Rates (weighted using total program members)				
Seton - Austin	105.1%	9.6%	4.3%	-5.9%	2.6%	95.27				
Superior - Austin	105.1%	9.6%	4.3%	-5.9%	3.8%	95.27				
Driscoll - Corpus	-30.3%	3.9%	7.6%	19.3%	10.3%	93.53				
Amerigroup - Corpus	-30.3%	3.9%	7.6%	19.3%	11.3%	93.53				
Superior - Corpus	-30.3%	3.9%	7.6%	19.3%	10.9%	93.53				
Amerigroup - Dallas	-59.4%	-35.7%	28.8%	-12.1%	3.8%	86.48				
Parkland - Dallas	71.0%	-8.0%	5.8%	-7.8%	0.2%	86.70				
Unicare - Dallas	18.8%	-19.8%	16.4%	-9.9%	4.1%	86.81				
Cook - Fort Worth	247.0%	2.3%	2.6%	-9.4%	-0.3%	95.68				
Aetna - Fort Worth	247.0%	2.3%	2.6%	-9.4%	-0.3%	95.68				
Amerigroup - Fort Worth	247.0%	2.3%	2.6%	-9.4%	0.6%	95.68				
El Paso First - El Paso	31.1%	5.6%	8.8%	-0.4%	5.7%	72.04				
Superior - El Paso	-32.8%	-14.2%	-6.0%	-17.1%	-10.1%	55.75				
Amerigroup - Houston	-49.8%	-14.7%	-1.8%	-29.4%	-11.5%	62.83				
TCHP - Houston	-32.3%	8.2%	8.3%	4.3%	7.1%	106.62				
UTMB - Houston	-49.2%	-6.7%	-3.1%	5.6%	-1.2%	98.98				
CHC - Houston	-40.3%	-1.0%	0.4%	-3.2%	-1.1%	96.98				
Molina - Houston	-40.3%	-1.0%	0.4%	-3.2%	-1.5%	96.98				
Mercy - Laredo	58.6%	-5.1%	10.8%	-9.4%	2.1%	79.49				
Firstcare - Lubbock	28.1%	-7.8%	2.1%	19.9%	5.9%	77.08				
Superior - Lubbock	57.3%	7.6%	-15.8%	-21.7%	-13.9%	64.92				
CFHP - San Antonio	-2.4%	36.0%	15.3%	14.6%	18.3%	98.15				
Superior - San Antonio	-2.8%	3.2%	-6.6%	-19.5%	-8.6%	63.43				
Aetna - San Antonio	-7.6%	22.1%	5.7%	1.2%	6.8%	88.02				
EPO Plan	-31.5%	-1.1%	1.4%	6.6%	2.3%	80.67				
Total - All Plans	-10.2%	-1.3%	5.4%	-0.2%	2.6%	88.30				

FY2008 CHIP Rating Summary

Health Plan	Age Bracket					Total	Age Bracket				
	<1	1-5	6-14	15-18	Total		<1	1-5	6-14	15-18	Total
FY2008 Premium Rates pmpm (Community Rating without Risk Adjustment)						FY2008 Premium					
Seton - Austin	129.53	99.35	86.64	117.02	95.16	70,931	3,121,837	9,978,840	4,443,120	17,614,727	
Superior - Austin	129.53	99.35	86.64	117.02	94.29	35,465	1,318,425	3,104,060	1,014,134	5,472,084	
Driscoll - Corpus	62.31	97.40	84.79	116.44	94.21	6,286	1,737,259	6,774,308	3,662,154	12,180,007	
Amerigroup - Corpus	62.31	97.40	84.79	116.44	94.96	898	32,068	323,799	208,724	565,489	
Superior - Corpus	62.31	97.40	84.79	116.44	95.29	0	96,205	419,604	274,273	790,082	
Amerigroup - Dallas	190.04	93.83	86.87	80.19	87.21	156,102	5,625,335	17,368,573	4,735,310	27,885,320	
Parkland - Dallas	190.04	93.83	86.87	80.19	87.32	167,057	5,242,522	16,447,964	4,147,257	26,004,800	
Unicare - Dallas	190.04	93.83	86.87	80.19	87.06	38,341	667,572	2,903,459	731,799	4,341,171	
Cook - Fort Worth	127.32	97.27	89.49	112.26	95.41	104,582	5,494,652	18,146,671	7,122,941	30,868,846	
Aetna - Fort Worth	127.32	97.27	89.49	112.26	95.39	11,009	441,410	1,605,017	628,642	2,686,077	
Amerigroup - Fort Worth	127.32	97.27	89.49	112.26	94.97	36,695	1,297,774	2,975,808	923,005	5,233,283	
El Paso First - El Paso	73.78	70.75	64.18	70.47	66.57	11,695	1,002,629	5,422,802	2,565,914	9,003,041	
Superior - El Paso	73.78	70.75	64.18	70.47	66.51	6,379	680,573	2,747,198	1,042,859	4,477,009	
Amerigroup - Houston	142.01	107.26	87.50	116.35	97.04	53,211	4,253,445	12,209,242	5,470,602	21,986,500	
TCHP - Houston	142.01	107.26	87.50	116.35	96.94	276,288	14,810,280	38,095,689	15,582,770	68,765,027	
UTMB - Houston	142.01	107.26	87.50	116.35	97.27	65,491	3,995,474	15,598,195	8,230,033	27,889,193	
CHC - Houston	142.01	107.26	87.50	116.35	97.13	53,211	1,982,382	5,388,786	2,352,669	9,777,048	
Molina - Houston	142.01	107.26	87.50	116.35	95.96	34,792	302,501	1,817,120	756,646	2,911,059	
Mercy - Laredo	110.96	91.31	72.42	90.77	79.43	15,991	1,098,026	3,685,017	1,675,533	6,474,567	
Firstcare - Lubbock	80.56	76.37	61.28	90.15	70.20	3,483	473,415	1,539,075	837,388	2,853,361	
Superior - Lubbock	80.56	76.37	61.28	90.15	70.32	6,966	656,002	2,155,231	1,204,664	4,022,862	
CFHP - San Antonio	112.69	112.67	77.48	99.63	87.62	30,855	3,732,229	11,385,437	5,434,214	20,582,735	
Superior - San Antonio	112.69	112.67	77.48	99.63	87.77	24,360	1,998,371	5,796,323	2,714,155	10,533,209	
Aetna - San Antonio	112.69	112.67	77.48	99.63	87.35	11,368	451,609	1,489,248	696,618	2,648,844	
EPO Plan	85.52	89.16	71.87	99.85	80.95	129,164	15,255,233	50,802,181	26,474,322	92,660,901	
Total - All Plans	134.31	97.89	81.06	102.51	88.49	1,350,619	75,767,228	238,179,650	102,929,746	418,227,243	

FY2008 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
FY2008 Premium Rate Change Relative to Current Rates						FY2008 Average Rates (weighted using total program members)				
Seton - Austin	105.1%	9.6%	4.3%	-5.9%	2.6%	95.27				
Superior - Austin	105.1%	9.6%	4.3%	-5.9%	3.8%	95.27				
Driscoll - Corpus	-30.3%	3.9%	7.6%	19.3%	10.3%	93.53				
Amerigroup - Corpus	-30.3%	3.9%	7.6%	19.3%	11.3%	93.53				
Superior - Corpus	-30.3%	3.9%	7.6%	19.3%	10.9%	93.53				
Amerigroup - Dallas	26.2%	-16.5%	20.7%	-11.3%	4.9%	86.81				
Parkland - Dallas	12.8%	-22.4%	12.8%	-8.6%	-0.1%	86.81				
Unicare - Dallas	18.8%	-19.8%	16.4%	-9.9%	4.1%	86.81				
Cook - Fort Worth	247.0%	2.3%	2.6%	-9.4%	-0.3%	95.68				
Aetna - Fort Worth	247.0%	2.3%	2.6%	-9.4%	-0.3%	95.68				
Amerigroup - Fort Worth	247.0%	2.3%	2.6%	-9.4%	0.6%	95.68				
El Paso First - El Paso	5.6%	-1.6%	0.4%	-7.9%	-2.3%	66.61				
Superior - El Paso	20.5%	-4.1%	12.4%	3.8%	7.5%	66.61				
Amerigroup - Houston	-7.2%	36.3%	38.4%	33.2%	36.5%	96.98				
TCHP - Houston	-40.7%	-2.7%	-1.2%	-5.0%	-2.7%	96.98				
UTMB - Houston	-46.6%	-3.7%	-2.5%	-5.5%	-3.8%	96.98				
CHC - Houston	-40.3%	-1.0%	0.4%	-3.2%	-1.1%	96.98				
Molina - Houston	-40.3%	-1.0%	0.4%	-3.2%	-1.5%	96.98				
Mercy - Laredo	58.6%	-5.1%	10.8%	-9.4%	2.1%	79.49				
Firstcare - Lubbock	59.2%	4.0%	-6.5%	-5.3%	-4.5%	69.93				
Superior - Lubbock	43.2%	-0.5%	-9.9%	-3.8%	-6.7%	69.93				
CFHP - San Antonio	-9.3%	21.6%	4.2%	1.1%	6.1%	88.02				
Superior - San Antonio	12.0%	43.1%	26.9%	17.6%	27.0%	88.02				
Aetna - San Antonio	-7.6%	22.1%	5.7%	1.2%	6.8%	88.02				
EPO Plan	-31.5%	-1.1%	1.4%	6.6%	2.3%	80.67				
Total - All Plans	-9.6%	-0.7%	5.4%	0.0%	2.8%	88.49				

FY2008 CHIP Rating Summary

Health Plan	Age Bracket					Total	Age Bracket				
	<1	1-5	6-14	15-18	Total		<1	1-5	6-14	15-18	Total
FY2008 Premium Rates pmpm (Community Rating with Risk Adjustment)						FY2008 Premium					
Seton - Austin	129.53	99.35	86.64	117.02	95.16	70,931	3,121,837	9,978,840	4,443,120	17,614,727	
Superior - Austin	129.53	99.35	86.64	117.02	94.29	35,465	1,318,425	3,104,060	1,014,134	5,472,084	
Driscoll - Corpus	62.31	97.40	84.79	116.44	94.21	6,286	1,737,259	6,774,308	3,662,154	12,180,007	
Amerigroup - Corpus	62.31	97.40	84.79	116.44	94.96	898	32,068	323,799	208,724	565,489	
Superior - Corpus	62.31	97.40	84.79	116.44	95.29	0	96,205	419,604	274,273	790,082	
Amerigroup - Dallas	166.38	90.24	83.41	79.50	84.18	136,669	5,409,960	16,676,440	4,694,134	26,917,203	
Parkland - Dallas	212.14	97.68	90.52	80.99	90.57	186,490	5,457,896	17,140,098	4,188,433	26,972,918	
Unicare - Dallas	190.04	93.83	86.87	80.19	87.06	38,341	667,572	2,903,459	731,799	4,341,171	
Cook - Fort Worth	127.32	97.27	89.49	112.26	95.41	104,582	5,494,652	18,146,671	7,122,941	30,868,846	
Aetna - Fort Worth	127.32	97.27	89.49	112.26	95.39	11,009	441,410	1,605,017	628,642	2,686,077	
Amerigroup - Fort Worth	127.32	97.27	89.49	112.26	94.97	36,695	1,297,774	2,975,808	923,005	5,233,283	
El Paso First - El Paso	73.78	68.70	64.35	70.66	66.51	11,695	973,610	5,437,183	2,572,865	8,995,353	
Superior - El Paso	73.78	73.76	63.84	70.00	66.63	6,379	709,592	2,732,817	1,035,908	4,484,697	
Amerigroup - Houston	126.63	102.42	79.47	103.73	88.60	47,448	4,061,187	11,088,842	4,877,620	20,075,097	
TCHP - Houston	143.96	108.68	88.87	118.80	98.53	280,075	15,005,270	38,691,693	15,911,372	69,888,409	
UTMB - Houston	146.30	107.19	90.44	120.08	100.02	67,468	3,992,742	16,122,592	8,494,413	28,677,214	
CHC - Houston	142.01	107.26	87.50	116.35	97.13	53,211	1,982,382	5,388,786	2,352,669	9,777,048	
Molina - Houston	142.01	107.26	87.50	116.35	95.96	34,792	302,501	1,817,120	756,646	2,911,059	
Mercy - Laredo	110.96	91.31	72.42	90.77	79.43	15,991	1,098,026	3,685,017	1,675,533	6,474,567	
Firstcare - Lubbock	80.56	73.91	59.85	90.62	69.05	3,483	458,124	1,503,211	841,743	2,806,560	
Superior - Lubbock	80.56	78.16	62.30	89.83	71.14	6,966	671,293	2,191,095	1,200,309	4,069,663	
CFHP - San Antonio	114.11	110.73	78.77	101.14	88.51	31,244	3,667,933	11,574,881	5,516,973	20,791,031	
Superior - San Antonio	110.89	116.29	74.94	96.59	86.03	23,971	2,062,667	5,606,880	2,631,396	10,324,913	
Aetna - San Antonio	112.69	112.67	77.48	99.63	87.35	11,368	451,609	1,489,248	696,618	2,648,844	
EPO Plan	85.52	89.16	71.87	99.85	80.95	129,164	15,255,233	50,802,181	26,474,322	92,660,901	
Total - All Plans	134.31	97.89	81.06	102.51	88.49	1,350,619	75,767,228	238,179,650	102,929,746	418,227,243	

FY2008 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
FY2008 Premium Rate Change Relative to Current Rates						FY2008 Average Rates (weighted using total program members)				
Seton - Austin	105.1%	9.6%	4.3%	-5.9%	2.6%	95.27				
Superior - Austin	105.1%	9.6%	4.3%	-5.9%	3.8%	95.27				
Driscoll - Corpus	-30.3%	3.9%	7.6%	19.3%	10.3%	93.53				
Amerigroup - Corpus	-30.3%	3.9%	7.6%	19.3%	11.3%	93.53				
Superior - Corpus	-30.3%	3.9%	7.6%	19.3%	10.9%	93.53				
Amerigroup - Dallas	10.5%	-19.7%	15.9%	-12.1%	1.2%	83.87				
Parkland - Dallas	25.9%	-19.2%	17.5%	-7.7%	3.6%	89.93				
Unicare - Dallas	18.8%	-19.8%	16.4%	-9.9%	4.1%	86.81				
Cook - Fort Worth	247.0%	2.3%	2.6%	-9.4%	-0.3%	95.68				
Aetna - Fort Worth	247.0%	2.3%	2.6%	-9.4%	-0.3%	95.68				
Amerigroup - Fort Worth	247.0%	2.3%	2.6%	-9.4%	0.6%	95.68				
El Paso First - El Paso	5.6%	-4.5%	0.7%	-7.6%	-2.4%	66.42				
Superior - El Paso	20.5%	0.0%	11.8%	3.1%	7.7%	66.80				
Amerigroup - Houston	-17.3%	30.1%	25.7%	18.7%	24.6%	88.48				
TCHP - Houston	-39.9%	-1.4%	0.4%	-3.0%	-1.1%	98.59				
UTMB - Houston	-44.9%	-3.7%	0.8%	-2.4%	-1.0%	99.60				
CHC - Houston	-40.3%	-1.0%	0.4%	-3.2%	-1.1%	96.98				
Molina - Houston	-40.3%	-1.0%	0.4%	-3.2%	-1.5%	96.98				
Mercy - Laredo	58.6%	-5.1%	10.8%	-9.4%	2.1%	79.49				
Firstcare - Lubbock	59.2%	0.7%	-8.6%	-4.8%	-6.1%	68.74				
Superior - Lubbock	43.2%	1.8%	-8.4%	-4.2%	-5.6%	70.78				
CFHP - San Antonio	-8.1%	19.5%	6.0%	2.7%	7.2%	88.83				
Superior - San Antonio	10.3%	47.7%	22.7%	14.0%	24.5%	86.39				
Aetna - San Antonio	-7.6%	22.1%	5.7%	1.2%	6.8%	88.02				
EPO Plan	-31.5%	-1.1%	1.4%	6.6%	2.3%	80.67				
Total - All Plans	-9.6%	-0.7%	5.4%	0.0%	2.8%	88.49				



FY2008 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
Minimum of 110% of Individual Experience Rate CR w/ RA.										
Seton - Austin	129.53	99.35	86.64	117.02	95.16	70,931	3,121,837	9,978,840	4,443,120	17,614,727
Superior - Austin	129.53	99.35	86.64	117.02	94.29	35,465	1,318,425	3,104,060	1,014,134	5,472,084
Driscoll - Corpus	62.31	97.40	84.79	116.44	94.21	6,286	1,737,259	6,774,308	3,662,154	12,180,007
Amerigroup - Corpus	62.31	97.40	84.79	116.44	94.96	898	32,068	323,799	208,724	565,489
Superior - Corpus	62.31	97.40	84.79	116.44	95.29	0	96,205	419,604	274,273	790,082
Amerigroup - Dallas	166.38	90.24	83.41	79.50	84.18	136,669	5,409,960	16,676,440	4,694,134	26,917,203
Parkland - Dallas	212.14	97.68	90.52	80.99	90.57	186,490	5,457,896	17,140,098	4,188,433	26,972,918
Unicare - Dallas	190.04	93.83	86.87	80.19	87.06	38,341	667,572	2,903,459	731,799	4,341,171
Cook - Fort Worth	127.32	97.27	89.49	112.26	95.41	104,582	5,494,652	18,146,671	7,122,941	30,868,846
Aetna - Fort Worth	127.32	97.27	89.49	112.26	95.39	11,009	441,410	1,605,017	628,642	2,686,077
Amerigroup - Fort Worth	127.32	97.27	89.49	112.26	94.97	36,695	1,297,774	2,975,808	923,005	5,233,283
El Paso First - El Paso	73.78	68.70	64.35	70.66	66.51	11,695	973,610	5,437,183	2,572,865	8,995,353
Superior - El Paso	67.70	67.69	58.59	64.24	61.14	5,854	651,183	2,507,869	950,639	4,115,545
Amerigroup - Houston	98.86	79.95	62.04	80.98	69.17	37,040	3,170,386	8,656,560	3,807,738	15,671,724
TCHP - Houston	143.96	108.68	88.87	118.80	98.53	280,075	15,005,270	38,691,693	15,911,372	69,888,409
UTMB - Houston	146.30	107.19	90.44	120.08	100.02	67,468	3,992,742	16,122,592	8,494,413	28,677,214
CHC - Houston	142.01	107.26	87.50	116.35	97.13	53,211	1,982,382	5,388,786	2,352,669	9,777,048
Molina - Houston	142.01	107.26	87.50	116.35	95.96	34,792	302,501	1,817,120	756,646	2,911,059
Mercy - Laredo	110.96	91.31	72.42	90.77	79.43	15,991	1,098,026	3,685,017	1,675,533	6,474,567
Firstcare - Lubbock	80.56	73.91	59.85	90.62	69.05	3,483	458,124	1,503,211	841,743	2,806,560
Superior - Lubbock	80.56	78.16	62.30	89.83	71.14	6,966	671,293	2,191,095	1,200,309	4,069,663
CFHP - San Antonio	114.11	110.73	78.77	101.14	88.51	31,244	3,667,933	11,574,881	5,516,973	20,791,031
Superior - San Antonio	89.60	93.96	60.55	78.04	69.52	19,368	1,666,632	4,530,352	2,126,164	8,342,517
Aetna - San Antonio	112.69	112.67	77.48	99.63	87.35	11,368	451,609	1,489,248	696,618	2,648,844
EPO Plan	85.52	89.16	71.87	99.85	80.95	129,164	15,255,233	50,802,181	26,474,322	92,660,901
Total - All Plans	132.76	96.15	79.79	100.86	87.06	1,335,084	74,421,983	234,445,891	101,269,363	411,472,321

FY2008 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
FY2008 Premium Rate Change Relative to Current Rates										
Seton - Austin	105.1%	9.6%	4.3%	-5.9%	2.6%					
Superior - Austin	105.1%	9.6%	4.3%	-5.9%	3.8%					
Driscoll - Corpus	-30.3%	3.9%	7.6%	19.3%	10.3%					
Amerigroup - Corpus	-30.3%	3.9%	7.6%	19.3%	11.3%					
Superior - Corpus	-30.3%	3.9%	7.6%	19.3%	10.9%					
Amerigroup - Dallas	10.5%	-19.7%	15.9%	-12.1%	1.2%					
Parkland - Dallas	25.9%	-19.2%	17.5%	-7.7%	3.6%					
Unicare - Dallas	18.8%	-19.8%	16.4%	-9.9%	4.1%					
Cook - Fort Worth	247.0%	2.3%	2.6%	-9.4%	-0.3%					
Aetna - Fort Worth	247.0%	2.3%	2.6%	-9.4%	-0.3%					
Amerigroup - Fort Worth	247.0%	2.3%	2.6%	-9.4%	0.6%					
El Paso First - El Paso	5.6%	-4.5%	0.7%	-7.6%	-2.4%					
Superior - El Paso	10.6%	-8.2%	2.6%	-5.4%	-1.1%					
Amerigroup - Houston	-35.4%	1.6%	-1.9%	-7.3%	-2.7%					
TCHP - Houston	-39.9%	-1.4%	0.4%	-3.0%	-1.1%					
UTMB - Houston	-44.9%	-3.7%	0.8%	-2.4%	-1.0%					
CHC - Houston	-40.3%	-1.0%	0.4%	-3.2%	-1.1%					
Molina - Houston	-40.3%	-1.0%	0.4%	-3.2%	-1.5%					
Mercy - Laredo	58.6%	-5.1%	10.8%	-9.4%	2.1%					
Firstcare - Lubbock	59.2%	0.7%	-8.6%	-4.8%	-6.1%					
Superior - Lubbock	43.2%	1.8%	-8.4%	-4.2%	-5.6%					
CFHP - San Antonio	-8.1%	19.5%	6.0%	2.7%	7.2%					
Superior - San Antonio	-10.9%	19.4%	-0.8%	-7.9%	0.6%					
Aetna - San Antonio	-7.6%	22.1%	5.7%	1.2%	6.8%					
EPO Plan	-31.5%	-1.1%	1.4%	6.6%	2.3%					
Total - All Plans	-10.6%	-2.5%	3.8%	-1.6%	1.2%					

## *Attachment 2*

### Individual Health Plan Experience Analysis

The following exhibits present a summary of the experience analysis performed for each participating health plan. These exhibits use hypothetical experience data from a sample health plan. The actual analysis is based on experience data provided by each plan. This data was checked for reasonableness by comparing to other data sources provided by HHSC, the EQRO and the health plan. Below is a brief description of each of the exhibits contained in this attachment.

Exhibit A. This exhibit shows monthly enrollment, amount of delivery supplemental payments and earned premium by age group for the period September 2003 through March 2007. This information was provided by HHSC.

Exhibit B. This exhibit shows a sample of a claim lag report. This report includes claim amounts by payment month and month of service. We analyzed claims experience by age group for the period September 2003 through March 2007.

Exhibit C. This exhibit shows the calculation of estimated monthly incurred claims. The exhibit includes the following information: (i) monthly enrollment, (ii) claim amounts incurred in that month and paid through March, 2007, (iii) estimated proportion of that month's incurred claims paid through March, 2007 (completion factor), (iv) estimated incurred claims, (v) estimated incurred claims pmpm and (vi) the ratio of this month's incurred claims pmpm to the same statistic from one year ago (trend factor). For plans that began participation prior to September 1, 2007, the assumed completion factors and estimated incurred claims were derived based on the actual historical claims payment pattern of the health plan. For new plans, the assumed completion factors are based on the combined claims experience of previously participating plans.

Exhibit D. This exhibit is a summary of the sample health plan's projected FY2008 cost based on the plan's actual experience. The top of the exhibit shows summary base period (FY2006) enrollment, premium and claims experience. Trend assumptions for FY2007 and FY2008 are used to project the average base period claims cost to FY2008. Following that are several adjustments for benefit and provider reimbursement changes.

In addition to incurred claims, provision is also made for services that are capitated by the health plan, such as vision and behavioral health services. The cost of reinsurance is also considered. In developing the cost of reinsurance, an assumption is made regarding how much the plan is expected to receive in reinsurance recoveries (reimbursements from the reinsurance company for large claims). We have assumed that the net cost of reinsurance (reinsurance premium less reinsurance recoveries) is the minimum of (a) the actual reinsurance premium rate and (b) \$1.00 pmpm.

The rating methodology includes an explicit provision for administrative expenses. The amount allocated for administrative expenses is the greater of (a) \$10.1025 pmpm plus 7.5% of gross premium and (b) \$16.1025 pmpm plus 1.75% of gross premium. A risk margin is also included at 2.0% of gross premium.

At the bottom of Exhibit D is a summary of the projected FY2008 cost based on the above assumptions

Sample Health Plan  
Enrollment and Premium Experience

Month	<1	1-5	6-14	15-18	Total Members	Premium	Premium pmpm	Adjusted Premium	Adj Prem pmpm	Delivery Payments
Sep-03	124	5,188	15,901	5,132	26,345	1,912,339	72.59	2,111,234	80.14	18,000
Oct-03	114	4,896	15,278	4,918	25,206	1,827,852	72.52	2,019,166	80.11	78,000
Nov-03	104	4,410	14,441	4,721	23,676	1,719,029	72.61	1,896,042	80.08	57,000
Dec-03	98	4,151	13,842	4,541	22,632	1,643,508	72.62	1,812,129	80.07	36,000
Jan-04	84	3,945	13,248	4,363	21,640	1,569,212	72.51	1,732,324	80.05	42,000
Feb-04	80	3,778	12,940	4,286	21,084	1,529,380	72.54	1,687,582	80.04	6,000
Mar-04	85	3,602	12,610	4,236	20,533	1,493,965	72.76	1,643,939	80.06	15,000
Apr-04	72	3,458	12,326	4,107	19,963	1,448,064	72.54	1,597,192	80.01	3,000
May-04	68	3,360	12,063	4,013	19,504	1,413,847	72.49	1,560,178	79.99	6,000
Jun-04	57	3,315	11,940	3,987	19,299	1,396,455	72.36	1,543,451	79.98	6,000
Jul-04	54	3,298	11,968	4,010	19,330	1,398,322	72.34	1,545,808	79.97	12,000
Aug-04	48	3,276	11,957	4,033	19,314	1,396,413	72.30	1,544,452	79.97	3,000
Sep-04	52	3,228	11,979	4,045	19,304	1,497,835	77.59	1,543,572	79.96	9,000
Oct-04	44	3,134	11,888	3,989	19,055	1,473,875	77.35	1,522,731	79.91	0
Nov-04	45	3,062	11,636	3,994	18,737	1,453,300	77.56	1,498,267	79.96	0
Dec-04	46	3,004	11,658	3,966	18,674	1,446,630	77.47	1,492,574	79.93	0
Jan-05	43	2,927	11,618	3,986	18,574	1,438,250	77.43	1,484,446	79.92	0
Feb-05	42	2,904	11,562	3,948	18,456	1,428,000	77.37	1,474,747	79.91	0
Mar-05	45	2,878	11,497	3,941	18,361	1,422,305	77.46	1,467,389	79.92	0
Apr-05	45	2,910	11,557	3,950	18,463	1,430,030	77.46	1,475,489	79.92	0
May-05	45	2,927	11,645	3,985	18,603	1,440,864	77.45	1,486,714	79.92	3,000
Jun-05	46	2,950	11,747	4,021	18,764	1,453,372	77.46	1,499,565	79.92	6,000
Jul-05	46	2,982	11,862	4,058	18,949	1,467,683	77.45	1,514,376	79.92	3,000
Aug-05	47	3,013	11,992	4,103	19,155	1,483,648	77.45	1,530,863	79.92	0
Sep-05	46	3,002	11,971	4,090	19,109	1,449,030	75.83	1,527,060	79.91	3,000
Oct-05	45	2,991	11,950	4,077	19,063	1,444,963	75.80	1,523,258	79.90	0
Nov-05	44	2,980	11,929	4,064	19,017	1,440,896	75.77	1,519,455	79.90	0
Dec-05	43	2,969	11,908	4,051	18,971	1,436,829	75.74	1,515,652	79.89	0
Jan-06	42	2,958	11,887	4,038	18,925	1,432,762	75.71	1,511,850	79.88	3,000
Feb-06	41	2,947	11,866	4,025	18,879	1,428,695	75.67	1,508,047	79.88	0
Mar-06	40	2,936	11,845	4,012	18,833	1,424,628	75.64	1,504,244	79.87	0
Apr-06	44	2,964	11,847	4,040	18,895	1,431,973	75.79	1,509,750	79.90	0
May-06	44	2,994	11,965	4,080	19,083	1,446,064	75.78	1,524,754	79.90	0
Jun-06	43	3,024	12,085	4,121	19,273	1,459,960	75.75	1,539,877	79.90	0
Jul-06	43	3,039	12,145	4,142	19,369	1,467,176	75.75	1,547,544	79.90	0
Aug-06	47	3,059	12,226	4,170	19,502	1,478,560	75.82	1,558,324	79.91	0
Sep-06	47	3,065	12,252	4,179	19,543	1,561,595	79.91	1,561,595	79.91	0
Oct-06	47	3,068	12,264	4,183	19,562	1,563,110	79.91	1,563,110	79.91	0
Nov-06	47	3,075	12,292	4,193	19,607	1,566,706	79.91	1,566,706	79.91	0
Dec-06	45	3,078	12,304	4,197	19,624	1,567,980	79.90	1,567,980	79.90	0
Jan-07	48	3,081	12,316	4,201	19,646	1,569,858	79.91	1,569,858	79.91	
Feb-07	46	3,084	12,328	4,205	19,663	1,571,132	79.90	1,571,132	79.90	
Mar-07	46	3,087	12,340	4,209	19,682	1,572,647	79.90	1,572,647	79.90	
FY2003	1,961	70,204	194,365	60,098	326,628	23,727,970	872	26,202,288	963	402,000
FY2004	988	46,677	158,514	52,347	258,526	18,748,386	870	20,693,498	960	282,000
FY2005	547	35,920	140,641	47,987	225,095	17,435,792	930	17,990,734	959	21,000
FY2006	520	35,865	143,623	48,913	228,922	17,341,535	909	18,289,816	959	6,000

Sample Health Plan  
CHIP Incurred Claims Summary Lag Report

Month Incurred	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
<b>6-14</b>																
Sep-03	98,844	301,670	120,017	19,287	3,265	6,474	1,850	2,341	1,704	316	1,347	807	306	-	160	(37)
Oct-03		86,099	328,120	197,976	18,651	12,689	(1,201)	(254)	838	990	146	7,384	-	-	1,735	1,738
Nov-03			17,351	367,907	68,405	39,292	5,651	3,370	7,579	1,947	657	(57)	-	(43)	32	35
Dec-03				79,890	251,389	123,262	19,456	6,304	2,806	2,392	107	(157)	(1,160)	66	(30)	(2,656)
Jan-04					17,198	383,437	95,120	15,460	4,917	5,241	94	3	849	301	371	(22)
Feb-04						58,788	330,673	63,094	25,904	8,509	2,334	(1,095)	466	-	-	(137)
Mar-04							37,050	375,045	87,951	25,614	3,633	1,463	902	(2,288)	956	186
Apr-04								49,356	358,033	79,963	16,664	7,310	348	3,833	720	470
May-04									50,126	340,480	109,840	31,914	7,497	6,509	1,813	278
Jun-04										43,481	290,289	255,510	13,292	7,486	1,683	511
Jul-04											20,983	305,586	130,515	70,186	4,511	5,739
Aug-04												32,812	371,147	109,441	16,108	13,920
Sep-04													50,488	529,966	240,552	34,979
Oct-04														6,091	398,876	270,221
Nov-04															14,019	464,602
Dec-04																45,693

Sample Health Plan  
 Estimated Claims Experience

Month	Ages 6-14						Ages 15-18					
	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
Sep-04	11,979	883,569	1.000	883,569	73.76	2.101	4,045	121,542	1.000	121,542	30.05	0.780
Oct-04	11,888	726,038	1.000	726,038	61.07	1.425	3,989	136,479	1.000	136,479	34.21	0.767
Nov-04	11,636	689,010	1.000	689,010	59.21	1.670	3,994	131,288	1.000	131,288	32.87	1.068
Dec-04	11,658	631,106	1.000	631,106	54.14	1.555	3,966	112,702	1.000	112,702	28.42	0.744
Jan-05	11,618	673,253	1.000	673,253	57.95	1.464	3,986	156,610	1.000	156,610	39.29	1.123
Feb-05	11,562	920,872	1.000	920,872	79.65	2.111	3,948	174,974	1.000	174,974	44.32	1.170
Mar-05	11,497	905,576	1.000	905,576	78.77	1.874	3,941	123,638	1.000	123,638	31.37	0.685
Apr-05	11,557	721,089	1.000	721,089	62.40	1.487	3,950	133,668	1.000	133,668	33.84	0.883
May-05	11,645	807,072	1.000	807,072	69.30	1.529	3,985	107,791	1.000	107,791	27.05	0.874
Jun-05	11,747	688,476	1.000	688,476	58.61	1.118	4,021	157,910	1.000	157,910	39.27	1.430
Jul-05	11,862	608,947	1.000	608,947	51.33	1.130	4,058	160,277	1.000	160,277	39.50	0.963
Aug-05	11,992	569,289	1.000	569,289	47.47	1.041	4,103	172,673	1.000	172,673	42.08	1.145
Sep-05	11,971	663,520	1.000	663,520	55.43	0.751	4,090	138,374	1.000	138,374	33.83	1.126
Oct-05	11,950	598,689	1.000	598,689	50.10	0.820	4,077	150,967	1.000	150,967	37.02	1.082
Nov-05	11,929	660,770	1.000	660,770	55.39	0.935	4,064	149,593	1.000	149,593	36.81	1.120
Dec-05	11,908	573,589	1.000	573,589	48.17	0.890	4,051	143,090	1.000	143,090	35.32	1.243
Jan-06	11,887	635,459	1.000	635,459	53.46	0.923	4,038	184,225	1.000	184,225	45.62	1.161
Feb-06	11,866	521,411	1.000	521,411	43.94	0.552	4,025	166,286	1.000	166,286	41.31	0.932
Mar-06	11,845	753,968	1.000	753,968	63.65	0.808	4,012	168,218	1.000	168,218	41.92	1.336
Apr-06	11,847	789,166	1.000	789,166	66.61	1.068	4,040	181,051	1.000	181,051	44.81	1.324
May-06	11,965	530,681	1.000	530,681	44.35	0.640	4,080	182,148	1.000	182,148	44.64	1.651
Jun-06	12,085	493,401	1.000	493,401	40.83	0.697	4,121	227,718	1.000	227,718	55.26	1.407
Jul-06	12,145	604,644	1.000	604,644	49.79	0.970	4,142	154,049	1.000	154,049	37.19	0.942
Aug-06	12,226	734,618	1.000	734,618	60.09	1.266	4,170	282,268	0.998	282,833	67.83	1.612
Sep-06	12,252	602,238	1.000	602,238	49.15	0.887	4,179	186,424	0.996	187,173	44.79	1.324
Oct-06	12,264	575,840	0.999	576,416	47.00	0.938	4,183	167,963	0.992	169,318	40.48	1.093
Nov-06	12,292	579,805	0.998	580,967	47.26	0.853	4,193	160,190	0.988	162,135	38.67	1.051
Dec-06	12,304	540,534	0.992	544,893	44.29	0.919	4,197	140,761	0.980	143,634	34.22	0.969
Jan-07	12,316	628,763	0.956	657,702	53.40	0.999	4,201	120,835	0.930	129,930	30.93	0.678
Feb-07	12,328	450,785	0.758	594,703	48.24	1.098	4,205	117,532	0.650	180,819	43.00	1.041
Mar-07	12,340	38,809	0.075	517,448	41.93	0.659	4,209	19,397	0.085	228,204	54.22	1.293
FY2004	158,514			6,528,516	41.19		52,347			1,948,470	37.22	
FY2005	140,641			8,824,296	62.74	1.523	47,987			1,689,551	35.21	0.946
FY2006	143,623			7,559,915	52.64	0.839	48,913			2,128,554	43.52	1.236
9/05-1/06	59,645			3,132,027	52.51		20,322			766,249	37.70	
9/06-1/07	61,428			2,962,216	48.22	0.918	20,953			792,190	37.81	1.003

Sample Health Plan  
 Experienced Based Renewal Rating  
 Projection Period: 9/1/2007 - 8/31/2008

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2005 - 8/31/2006										
Member Months	520		35,865		143,623		48,913		228,922	
Premium Revenue	221,417	425.65	3,075,099	85.74	8,653,311	60.25	5,391,708	110.23	17,341,535	75.75
Adjusted Premium	62,813	120.75	3,057,884	85.26	10,768,883	74.98	4,400,236	89.96	18,289,816	79.90
Estimated Incurred Claims	48,251	92.76	2,254,965	62.87	7,559,915	52.64	2,128,554	43.52	11,991,684	52.38
Projected FY2008 Member Months	335		27,561		119,625		44,598		192,119	
Projected FY2008 Premium Current Rates	40,451	120.75	2,349,851	85.26	8,969,483	74.98	4,012,036	89.96	15,371,821	80.01
Annual Trend Assumptions										
FY2007	1.0 %		1.0 %		1.0 %		1.0 %		1.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	13.1 %		13.1 %		13.1 %		13.1 %		13.1 %	
Out-of-Network Adjustment	100.0 %		100.0 %		100.0 %		100.0 %		100.0 %	
Third Party Reimbursement Adjust.	1.000		1.000		1.000		1.000		1.000	
Projected Incurred Claims	37,271	111.26	2,078,416	75.41	7,552,433	63.13	2,327,806	52.20	11,995,925	62.44
Other Benefit Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cost Sharing Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Capitation Expenses										
Vision		2.00		2.00		2.00		2.00		2.00
Behavioral Health		0.79		0.79		0.79		0.79		0.79
Other		0.00		0.00		0.00		0.00		0.00
Total	935	2.79	76,895	2.79	333,754	2.79	124,428	2.79	536,012	2.79



Sample Health Plan  
 Experienced Based Renewal Rating  
 Projection Period: 9/1/2007 - 8/31/2008

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Reinsurance Expenses										
Gross Premium		0.20		0.20		0.20		0.20		
Projected Reinsurance Recoveries		0.00		0.00		0.00		0.00		
Net Reinsurance Cost	67	0.20	5,512	0.20	23,925	0.20	8,920	0.20	38,424	0.20
Administrative Expenses										
Fixed Amount	3,766	11.24	309,855	11.24	1,344,884	11.24	501,393	11.24	2,159,898	11.24
Percentage of Premium	7.50 %	10.37	7.50 %	7.41	7.50 %	6.39	7.50 %	5.49	7.50 %	6.33
Risk Margin	2.00 %	2.76	2.00 %	1.97	2.00 %	1.70	2.00 %	1.46	2.00 %	1.69
Investment Income Adjustment		0.9968		0.9968		0.9968		0.9968		0.9968
Projected Total Cost	46,303	138.22	2,721,294	98.74	10,193,790	85.21	3,263,057	73.17	16,224,444	84.45
Experience Rate Increase		14.5%		15.8%		13.6%		-18.7%		5.5%

### *Attachment 3*

#### Community Experience Analysis

The following exhibits present a summary of the experience analysis performed for each service area. HHSC utilizes an adjusted community rating methodology in setting the CHIP premium rates. The base community rates by age group vary by service area but are the same for each health plan in a service area. The community rates are developed by a weighted average of the projected FY2008 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2008 members enrolled in each health plan.

Below is a brief description of each of the exhibits contained in the attachment. The exhibits present the derivation of the FY2008 CHIP HMO premium rates for the following service areas:

- Exhibit A – Austin Area
- Exhibit B – Corpus Christi Area
- Exhibit C – Dallas Area
- Exhibit D – El Paso Area
- Exhibit E – Exclusive Provider Organization (EPO) Area
- Exhibit F – Fort Worth Area
- Exhibit G – Houston Area
- Exhibit H – Laredo Area
- Exhibit I – Lubbock Area
- Exhibit J - San Antonio Area

These exhibits show projected FY2008 experience for each of the service areas. These amounts were derived by summing amounts from each individual health plan in the service area. The experience analysis for individual HMOs is described in Attachment 2. The top portion of the exhibit shows summary base period (FY2006) experience. Following that are projected FY2008 enrollment, premium and incurred claims experience.

In addition to incurred claims, provision is also made for services that are capitated by the HMOs, such as vision and behavioral health services. The cost of reinsurance is also considered. In developing the cost of reinsurance we make an assumption regarding how much the HMO is expected to receive in reinsurance recoveries (reimbursements from the reinsurance company for large claims). We have assumed that the net cost of reinsurance (reinsurance premium less reinsurance recoveries) is the minimum of (a) the actual reinsurance premium rate and (b) \$1.00 pmpm.

The amount allocated for administrative expenses is the greater of (a) \$10.1025 pmpm plus 7.5% of gross premium and (b) \$16.1025 pmpm plus 1.75% of gross premium. A risk margin is also included at 2.0% of gross premium.

At the bottom of the exhibit is a summary of the projected FY2008 cost based on these assumptions.

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2005 - 8/31/2006										
Member Months	696		36,052		118,616		38,249		193,613	
Premium Revenue	306,484	440.35	3,306,689	91.72	7,228,459	60.94	4,509,175	117.89	15,350,807	79.29
Adjusted Premium	43,952	63.15	3,267,753	90.64	9,854,617	83.08	4,755,116	124.32	17,921,439	92.56
Adjusted FY06 Incurred Claims	34,976	50.25	1,384,351	38.40	3,638,209	30.67	1,986,898	51.95	7,044,433	36.38
Projected FY2008 Member Months	700		38,068		128,618		39,722		207,107	
Projected FY2008 Premium at FY2007 I	44,184	63.15	3,450,462	90.64	10,685,567	83.08	4,938,261	124.32	19,118,474	92.31
Annual Trend Assumptions										
FY2007	1.0 %		1.0 %		1.0 %		1.0 %		1.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	20.1 %		20.1 %		20.1 %		20.1 %		20.1 %	
Projected Incurred Claims	44,775	63.99	1,861,468	48.90	5,023,735	39.06	2,627,664	66.15	9,557,642	46.15
Other Benefit Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cost Sharing Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Capitation Expenses										
Total	29,358	41.96	1,129,090	29.66	3,596,154	27.96	1,130,096	28.45	5,884,697	28.41
Reinsurance Expenses										
Net Reinsurance Cost	700	1.00	38,068	1.00	128,618	1.00	39,722	1.00	207,107	1.00
Administrative Expenses										
Fixed Amount	7,446	10.64	405,136	10.64	1,368,815	10.64	422,743	10.64	2,204,141	10.64
Percentage of Premium	7.50 %	9.71	7.50 %	7.45	7.50 %	6.50	7.50 %	8.78	7.50 %	7.12
Risk Margin	2.00 %	2.59	2.00 %	1.99	2.00 %	1.73	2.00 %	2.34	2.00 %	1.90
Investment Income Adjustment		0.9968		0.9968		0.9968		0.9968		0.9968
Projected Total Cost	90,625	129.53	3,782,070	99.35	11,143,587	86.64	4,648,311	117.02	19,664,592	94.95
Experience Rate Increase		105.1%		9.6%		4.3%		-5.9%		2.9%

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2005 - 8/31/2006										
Member Months	162		18,011		76,933		30,398		125,504	
Premium Revenue	26,903	166.07	1,674,843	92.99	5,698,427	74.07	2,478,957	81.55	9,879,130	78.72
Adjusted Premium	14,483	89.40	1,688,891	93.77	6,060,782	78.78	2,966,845	97.60	10,731,001	85.50
Adjusted FY06 Incurred Claims	4,775	29.48	979,965	54.41	3,449,551	44.84	2,128,936	70.04	6,563,227	52.29
Projected FY2008 Member Months	98		16,315		75,516		30,322		122,251	
Projected FY2008 Premium at FY2007 I	8,779	89.40	1,529,834	93.77	5,949,179	78.78	2,959,388	97.60	10,447,180	85.46
Annual Trend Assumptions										
FY2007	1.0 %		1.0 %		1.0 %		1.0 %		1.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	10.6 %		10.6 %		10.6 %		10.6 %		10.6 %	
Projected Incurred Claims	3,394	34.56	1,040,787	63.79	3,970,084	52.57	2,489,880	82.12	7,504,145	61.38
Other Benefit Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cost Sharing Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Capitation Expenses										
Total	1,014	10.33	211,276	12.95	961,323	12.73	361,433	11.92	1,535,047	12.56
Reinsurance Expenses										
Net Reinsurance Cost	98	1.00	16,315	1.00	75,516	1.00	30,322	1.00	122,251	1.00
Administrative Expenses										
Fixed Amount	1,049	10.68	174,282	10.68	806,704	10.68	323,910	10.68	1,305,945	10.68
Percentage of Premium	7.50 %	4.67	7.50 %	7.30	7.50 %	6.36	7.50 %	8.73	7.50 %	7.07
Risk Margin	2.00 %	1.25	2.00 %	1.95	2.00 %	1.70	2.00 %	2.33	2.00 %	1.89
Investment Income Adjustment		0.9968		0.9968		0.9968		0.9968		0.9968
Projected Total Cost	6,119	62.31	1,588,999	97.40	6,403,341	84.79	3,530,704	116.44	11,529,163	94.31
Experience Rate Increase		-30.3%		3.9%		7.6%		19.3%		10.4%

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2005 - 8/31/2006										
Member Months	1,867		88,327		295,228		86,890		472,312	
Premium Revenue	440,076	235.71	7,674,408	86.89	17,330,274	58.70	9,634,470	110.88	35,079,228	74.27
Adjusted Premium	300,109	160.74	10,345,394	117.13	22,022,491	74.59	7,741,618	89.10	40,409,612	85.56
Adjusted FY06 Incurred Claims	247,207	132.41	5,174,955	58.59	15,764,001	53.40	4,201,540	48.35	25,387,704	53.75
Projected FY2008 Member Months	1,620		104,717		360,052		102,119		568,508	
Projected FY2008 Premium at FY2007 I	260,451	160.74	12,265,069	117.13	26,858,019	74.59	9,098,500	89.10	48,482,039	85.28
Annual Trend Assumptions										
FY2007	1.0 %		1.0 %		1.0 %		1.0 %		1.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	11.5 %		11.5 %		11.5 %		11.5 %		11.5 %	
Projected Incurred Claims	253,593	156.51	7,252,025	69.25	22,724,990	63.12	5,836,820	57.16	36,067,428	63.44
Other Benefit Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cost Sharing Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Capitation Expenses										
Total	7,682	4.74	486,851	4.65	1,606,623	4.46	445,062	4.36	2,546,218	4.48
Reinsurance Expenses										
Net Reinsurance Cost	325	0.20	21,225	0.20	74,570	0.21	21,401	0.21	117,521	0.21
Administrative Expenses										
Fixed Amount	17,957	11.08	1,160,524	11.08	3,990,275	11.08	1,131,737	11.08	6,300,493	11.08
Percentage of Premium	7.50 %	14.25	7.50 %	7.04	7.50 %	6.52	7.50 %	6.01	7.50 %	6.54
Risk Margin	2.00 %	3.80	2.00 %	1.88	2.00 %	1.74	2.00 %	1.60	2.00 %	1.74
Investment Income Adjustment		0.9968		0.9968		0.9968		0.9968		0.9968
Projected Total Cost	307,914	190.04	9,825,501	93.83	31,276,894	86.87	8,189,203	80.19	49,599,513	87.25
Experience Rate Increase		18.2%		-19.9%		16.5%		-10.0%		2.3%

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2005 - 8/31/2006										
Member Months	168		18,129		95,568		39,092		152,957	
Premium Revenue	59,915	356.63	1,335,520	73.67	4,682,841	49.00	3,706,284	94.81	9,784,560	63.97
Adjusted Premium	11,443	68.12	1,313,942	72.48	5,945,435	62.21	2,915,580	74.58	10,186,401	66.60
Adjusted FY06 Incurred Claims	6,871	40.90	692,257	38.19	3,179,455	33.27	1,492,658	38.18	5,371,241	35.12
Projected FY2008 Member Months	209		20,265		108,432		43,621		172,527	
Projected FY2008 Premium at FY2007 I	13,943	66.82	1,472,401	72.66	6,681,238	61.62	3,228,672	74.02	11,396,255	66.05
Annual Trend Assumptions										
FY2007	1.0 %		1.0 %		1.0 %		1.0 %		1.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	14.9 %		14.9 %		14.9 %		14.9 %		14.9 %	
Projected Incurred Claims	10,397	49.83	942,684	46.52	4,394,563	40.53	2,029,025	46.51	7,376,669	42.76
Other Benefit Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cost Sharing Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Capitation Expenses										
Total	881	4.22	97,382	4.81	520,264	4.80	196,230	4.50	814,757	4.72
Reinsurance Expenses										
Net Reinsurance Cost	138	0.66	12,887	0.64	72,498	0.67	30,155	0.69	115,677	0.67
Administrative Expenses										
Fixed Amount	2,561	12.27	248,707	12.27	1,330,734	12.27	535,341	12.27	2,117,344	12.27
Percentage of Premium	7.50 %	5.53	7.50 %	5.31	7.50 %	4.81	7.50 %	5.28	7.50 %	4.99
Risk Margin	2.00 %	1.48	2.00 %	1.41	2.00 %	1.28	2.00 %	1.41	2.00 %	1.33
Investment Income Adjustment		0.9968		0.9968		0.9968		0.9968		0.9968
Projected Total Cost	15,395	73.78	1,433,696	70.75	6,958,940	64.18	3,073,835	70.47	11,481,867	66.55
Experience Rate Increase		10.4%		-2.6%		4.2%		-4.8%		0.8%

FY2008 CHIP Rating  
 Exclusive Provider Organization Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2005 - 8/31/2006										
Member Months	2,032		146,484		585,165		218,843		952,524	
Premium Revenue	884,550	435.31	12,990,201	88.68	33,916,163	57.96	25,114,423	114.76	72,905,337	76.54
Adjusted Premium	253,797	124.90	13,204,068	90.14	41,458,940	70.85	20,503,401	93.69	75,420,205	79.18
Adjusted FY06 Incurred Claims	106,525	52.42	8,082,370	55.18	24,644,176	42.11	13,842,362	63.25	46,675,432	49.00
Projected FY2008 Member Months	1,287		145,738		602,112		225,832		974,970	
Projected FY2008 Premium at FY2007 I	160,687	124.90	13,136,863	90.14	42,659,667	70.85	21,158,218	93.69	77,115,435	79.10
Annual Trend Assumptions										
FY2007	1.0 %		1.0 %		1.0 %		1.0 %		1.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	13.4 %		13.4 %		13.4 %		13.4 %		13.4 %	
Projected Incurred Claims	81,074	63.02	9,666,179	66.33	30,482,161	50.63	17,171,000	76.03	57,400,413	58.87
Other Benefit Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cost Sharing Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Capitation Expenses										
Total	3,821	2.97	432,843	2.97	1,788,274	2.97	670,722	2.97	2,895,660	2.97
Reinsurance Expenses										
Net Reinsurance Cost	257	0.20	29,148	0.20	120,422	0.20	45,166	0.20	194,994	0.20
Administrative Expenses										
Fixed Amount	14,734	11.45	1,669,069	11.45	6,895,693	11.45	2,586,343	11.45	11,165,839	11.45
Percentage of Premium	7.50 %	6.41	7.50 %	6.69	7.50 %	5.39	7.50 %	7.49	7.50 %	6.07
Risk Margin	2.00 %	1.71	2.00 %	1.78	2.00 %	1.44	2.00 %	2.00	2.00 %	1.62
Investment Income Adjustment		0.9968		0.9968		0.9968		0.9968		0.9968
Projected Total Cost	110,018	85.52	12,993,909	89.16	43,271,639	71.87	22,549,963	99.85	78,925,530	80.95
Experience Rate Increase		-31.5%		-1.1%		1.4%		6.6%		2.3%

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2005 - 8/31/2006										
Member Months	1,503		62,437		204,031		64,067		332,038	
Premium Revenue	204,047	135.76	5,623,701	90.07	15,622,654	76.57	6,295,864	98.27	27,746,266	83.56
Adjusted Premium	55,145	36.69	5,938,383	95.11	17,803,745	87.26	7,941,105	123.95	31,738,378	95.59
Adjusted FY06 Incurred Claims	129,300	86.03	3,939,158	63.09	11,660,767	57.15	4,775,271	74.54	20,504,497	61.75
Projected FY2008 Member Months	1,019		63,345		216,316		65,817		346,496	
Projected FY2008 Premium at FY2007 I	37,380	36.69	6,024,710	95.11	18,875,750	87.26	8,157,976	123.95	33,095,817	95.52
Annual Trend Assumptions										
FY2007	1.0 %		1.0 %		1.0 %		1.0 %		1.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	12.1 %		12.1 %		12.1 %		12.1 %		12.1 %	
Projected Incurred Claims	104,234	102.31	4,752,724	75.03	14,702,500	67.97	5,834,058	88.64	25,393,517	73.29
Other Benefit Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cost Sharing Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Capitation Expenses										
Total	1,691	1.66	105,152	1.66	359,085	1.66	109,256	1.66	575,184	1.66
Reinsurance Expenses										
Net Reinsurance Cost	1,019	1.00	63,345	1.00	216,316	1.00	65,817	1.00	346,496	1.00
Administrative Expenses										
Fixed Amount	10,822	10.62	672,879	10.62	2,297,819	10.62	699,138	10.62	3,680,657	10.62
Percentage of Premium	7.50 %	9.55	7.50 %	7.30	7.50 %	6.71	7.50 %	8.42	7.50 %	7.15
Risk Margin	2.00 %	2.55	2.00 %	1.95	2.00 %	1.79	2.00 %	2.25	2.00 %	1.91
Investment Income Adjustment		0.9968		0.9968		0.9968		0.9968		0.9968
Projected Total Cost	129,712	127.32	6,161,545	97.27	19,358,539	89.49	7,388,731	112.26	33,038,527	95.35
Experience Rate Increase		247.0%		2.3%		2.6%		-9.4%		-0.2%



	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2005 - 8/31/2006										
Member Months	3,469		185,251		641,013		217,492		1,047,225	
Premium Revenue	1,627,656	469.20	17,148,098	92.57	43,886,089	68.46	26,669,117	122.62	89,330,960	85.30
Adjusted Premium	795,817	229.41	19,495,760	105.24	54,080,120	84.37	25,291,331	116.29	99,663,028	95.17
Adjusted FY06 Incurred Claims	325,773	93.91	12,587,574	67.95	34,065,047	53.14	16,263,599	74.78	63,241,993	60.39
Projected FY2008 Member Months	2,897		201,252		711,662		237,147		1,152,957	
Projected FY2008 Premium at FY2007 I	664,566	229.41	21,179,688	105.24	60,040,505	84.37	27,576,933	116.29	109,461,691	94.94
Annual Trend Assumptions										
FY2007	1.0 %		1.0 %		1.0 %		1.0 %		1.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	14.2 %		14.2 %		14.2 %		14.2 %		14.2 %	
Projected Incurred Claims	329,586	113.77	16,567,245	82.32	45,818,889	64.38	21,484,230	90.59	84,199,949	73.03
Other Benefit Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cost Sharing Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Capitation Expenses										
Total	11,455	3.95	780,294	3.88	2,792,121	3.92	936,573	3.95	4,520,443	3.92
Reinsurance Expenses										
Net Reinsurance Cost	1,986	0.69	133,977	0.67	437,508	0.61	133,889	0.56	707,360	0.61
Administrative Expenses										
Fixed Amount	30,482	10.52	2,117,673	10.52	7,488,459	10.52	2,495,379	10.52	12,131,993	10.52
Percentage of Premium	7.50 %	10.65	7.50 %	8.04	7.50 %	6.56	7.50 %	8.73	7.50 %	7.28
Risk Margin	2.00 %	2.84	2.00 %	2.15	2.00 %	1.75	2.00 %	2.33	2.00 %	1.94
Investment Income Adjustment		0.9968		0.9968		0.9968		0.9968		0.9968
Projected Total Cost	411,397	142.01	21,587,262	107.26	62,271,887	87.50	27,591,061	116.35	111,861,606	97.02
Experience Rate Increase		-38.1%		1.9%		3.7%		0.1%		2.2%

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2005 - 8/31/2006										
Member Months	129		10,855		41,376		14,771		67,131	
Premium Revenue	57,209	443.48	861,887	79.40	2,370,431	57.29	898,668	60.84	4,188,195	62.39
Adjusted Premium	9,024	69.95	1,044,034	96.18	2,703,094	65.33	1,479,316	100.15	5,235,467	77.99
Adjusted FY06 Incurred Claims	9,123	70.72	613,735	56.54	1,775,136	42.90	829,395	56.15	3,227,389	48.08
Projected FY2008 Member Months	123		10,242		43,344		15,722		69,431	
Projected FY2008 Premium at FY2007 I	8,586	69.95	985,118	96.18	2,831,640	65.33	1,574,589	100.15	5,399,934	77.77
Annual Trend Assumptions										
FY2007	1.0 %		1.0 %		1.0 %		1.0 %		1.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	18.6 %		18.6 %		18.6 %		18.6 %		18.6 %	
Projected Incurred Claims	10,921	88.97	728,551	71.13	2,339,449	53.97	1,110,639	70.64	4,189,561	60.34
Other Benefit Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cost Sharing Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Capitation Expenses										
Total	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Reinsurance Expenses										
Net Reinsurance Cost	29	0.24	2,458	0.24	10,402	0.24	3,773	0.24	16,663	0.24
Administrative Expenses										
Fixed Amount	1,416	11.53	118,121	11.53	499,861	11.53	181,318	11.53	800,715	11.53
Percentage of Premium	7.50 %	8.32	7.50 %	6.85	7.50 %	5.43	7.50 %	6.81	7.50 %	5.96
Risk Margin	2.00 %	2.22	2.00 %	1.83	2.00 %	1.45	2.00 %	1.82	2.00 %	1.59
Investment Income Adjustment		0.9968		0.9968		0.9968		0.9968		0.9968
Projected Total Cost	13,621	110.96	935,263	91.31	3,138,777	72.42	1,427,165	90.77	5,514,825	79.43
Experience Rate Increase		58.6%		-5.1%		10.8%		-9.4%		2.1%

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2005 - 8/31/2006										
Member Months	139		11,780		48,747		19,187		79,853	
Premium Revenue	48,487	348.83	859,583	72.97	2,366,213	48.54	1,798,911	93.76	5,073,194	63.53
Adjusted Premium	7,577	54.51	888,494	75.42	3,265,325	66.99	1,810,417	94.36	5,971,814	74.79
Adjusted FY06 Incurred Claims	5,684	40.89	490,131	41.61	1,489,777	30.56	997,348	51.98	2,982,941	37.36
Projected FY2008 Member Months	110		12,596		51,347		19,293		83,347	
Projected FY2008 Premium at FY2007 I	6,007	54.37	949,436	75.38	3,439,758	66.99	1,820,453	94.36	6,215,655	74.58
Annual Trend Assumptions										
FY2007	1.0 %		1.0 %		1.0 %		1.0 %		1.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	15.5 %		15.5 %		15.5 %		15.5 %		15.5 %	
Projected Incurred Claims	5,531	50.07	641,647	50.94	1,921,299	37.42	1,227,864	63.64	3,796,341	45.55
Other Benefit Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cost Sharing Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Capitation Expenses										
Total	1,160	10.50	72,879	5.79	287,981	5.61	108,028	5.60	470,049	5.64
Reinsurance Expenses										
Net Reinsurance Cost	56	0.51	6,943	0.55	28,240	0.55	10,550	0.55	45,789	0.55
Administrative Expenses										
Fixed Amount	1,333	12.06	151,936	12.06	619,376	12.06	232,725	12.06	1,005,370	12.06
Percentage of Premium	7.50 %	6.04	7.50 %	5.73	7.50 %	4.60	7.50 %	6.76	7.50 %	5.27
Risk Margin	2.00 %	1.61	2.00 %	1.53	2.00 %	1.23	2.00 %	1.80	2.00 %	1.41
Investment Income Adjustment		0.9968		0.9968		0.9968		0.9968		0.9968
Projected Total Cost	8,900	80.56	962,001	76.37	3,146,689	61.28	1,739,353	90.15	5,856,942	70.27
Experience Rate Increase		48.2%		1.3%		-8.5%		-4.5%		-5.8%

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2005 - 8/31/2006										
Member Months	553		41,508		178,636		64,854		285,551	
Premium Revenue	210,620	380.87	3,284,357	79.13	9,290,764	52.01	6,593,105	101.66	19,378,846	67.86
Adjusted Premium	64,029	115.79	3,673,752	88.51	12,598,125	70.52	6,123,561	94.42	22,459,468	78.65
Adjusted FY06 Incurred Claims	37,068	67.03	2,761,353	66.53	7,481,248	41.88	3,717,621	57.32	13,997,290	49.02
Projected FY2008 Member Months	503		46,737		205,267		75,621		328,129	
Projected FY2008 Premium at FY2007 I	58,271	115.79	4,136,579	88.51	14,476,256	70.52	7,140,192	94.42	25,811,298	78.66
Annual Trend Assumptions										
FY2007	1.0 %		1.0 %		1.0 %		1.0 %		1.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	22.5 %		22.5 %		22.5 %		22.5 %		22.5 %	
Projected Incurred Claims	43,814	87.06	4,038,255	86.40	11,165,155	54.39	5,630,038	74.45	20,877,263	63.63
Other Benefit Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cost Sharing Changes	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Capitation Expenses										
Total	1,605	3.19	178,828	3.83	797,551	3.89	297,824	3.94	1,275,809	3.89
Reinsurance Expenses										
Net Reinsurance Cost	503	1.00	46,737	1.00	205,267	1.00	75,621	1.00	328,129	1.00
Administrative Expenses										
Fixed Amount	5,567	11.06	517,031	11.06	2,270,767	11.06	836,558	11.06	3,629,923	11.06
Percentage of Premium	7.50 %	8.45	7.50 %	8.45	7.50 %	5.81	7.50 %	7.47	7.50 %	6.57
Risk Margin	2.00 %	2.25	2.00 %	2.25	2.00 %	1.55	2.00 %	1.99	2.00 %	1.75
Investment Income Adjustment		0.9968		0.9968		0.9968		0.9968		0.9968
Projected Total Cost	56,713	112.69	5,265,804	112.67	15,903,356	77.48	7,533,871	99.63	28,759,744	87.65
Experience Rate Increase		-2.7%		27.3%		9.9%		5.5%		11.4%

## *Attachment 4*

### Provider Reimbursement Adjustments

This attachment presents information regarding the various provider reimbursement adjustments considered in the rating analysis and how the adjustment factors were developed.

In response to the Frew lawsuit settlement, the Texas Medicaid program will implement significant changes in provider reimbursement effective September 1, 2007. Professional provider reimbursement will increase an average of 25% for children and 10% for adults. Although the Frew settlement agreement does not directly impact CHIP, it would likely create significant difficulty for a health plan in maintaining their physician network if they did not increase their CHIP reimbursement rates to be consistent with Medicaid. Therefore, in deriving the FY2008 premium rates, we have assumed that physician reimbursement under CHIP will increase at the same rate as that under Medicaid.

In developing the Frew adjustment factors, we used health plan encounter data from FY2006. To this claims experience we applied the proposed FY2008 Medicaid provider reimbursement schedule. The additional cost due to the increased reimbursement rates was then divided by total FY2006 claims (from the encounter data) to yield the overall claims adjustment factor.

It is anticipated that provisions of the Frew settlement will result in increased utilization of certain services under CHIP. We have assumed that there will be a 16.5% increase in the utilization of well-child (EPSDT) services and a 5% increase in the utilization of medical (type of service 1) services. The utilization adjustment factors were derived in a similar manner as that described above for the reimbursement increase.

Attached Exhibit A presents a summary of the derivation of the adjustment factors related to the Frew lawsuit settlement.

In addition to those resulting from the Frew settlement, there were several other significant revisions to the Texas Medicaid fee schedule. Reimbursement increases were provided for the following services: ambulance services, State-owned teaching hospitals, physician administered drugs and therapy services (physical, occupational and speech) provided through home health agencies.

The rating adjustments for these provider reimbursement changes were calculated in a manner similar to those for the Frew settlement, described above. The reimbursement change was applied to actual FY2006 health plan encounter data and the resulting impact determined. Attached Exhibit B presents a summary of the derivation of these adjustment factors.

The 2.5% reduction in reimbursement rates to professional, outpatient facility and certain other providers implemented in FY2004 was restored. Attached Exhibits C and D present the estimated cost impact from this revision. The FY2006 FSRs provided by the health plans were used in this analysis.

FY2008 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of Frew Settlement

	Age Group				Total
	< 1	1-5	6-14	15-18	
Cost Impact of Provider Rate Increase (1)					
Austin	7,063	218,120	468,146	185,911	879,239
Corpus Christi	693	71,866	258,663	106,957	438,179
Dallas	11,850	426,800	1,033,196	323,343	1,795,189
El Paso	734	77,734	382,510	141,338	602,316
Fort Worth	10,673	348,125	847,151	260,731	1,466,680
Houston	37,508	1,318,550	3,057,271	1,026,092	5,439,421
Laredo	1,534	78,699	242,942	83,961	407,136
Lubbock	1,101	63,034	195,417	82,848	342,399
San Antonio	6,612	350,350	1,210,969	540,933	2,108,864
EPO	11,200	766,037	2,423,399	910,620	4,111,256
Total	88,967	3,719,314	10,119,662	3,662,735	17,590,678
Cost Impact of Utilization Increase (2)					
Austin	3,135	63,439	116,644	36,650	219,869
Corpus Christi	267	16,969	47,198	17,309	81,743
Dallas	4,734	126,735	258,450	68,872	458,791
El Paso	360	22,477	81,867	26,018	130,722
Fort Worth	4,845	110,218	218,597	56,399	390,059
Houston	15,312	398,702	790,112	232,504	1,436,630
Laredo	441	21,155	53,547	16,979	92,122
Lubbock	444	15,912	38,231	13,459	68,046
San Antonio	2,059	89,998	252,747	99,574	444,378
EPO	4,972	205,925	494,614	158,087	863,598
Total	36,570	1,071,531	2,352,007	725,849	4,185,958
Total Frew Impact (3)					
Austin	10,198	281,559	584,790	222,560	1,099,107
Corpus Christi	960	88,835	305,861	124,267	519,923
Dallas	16,584	553,535	1,291,646	392,215	2,253,980
El Paso	1,094	100,211	464,377	167,356	733,038
Fort Worth	15,518	458,344	1,065,748	317,129	1,856,739
Houston	52,819	1,717,252	3,847,383	1,258,596	6,876,051
Laredo	1,976	99,854	296,488	100,940	499,257
Lubbock	1,545	78,945	233,648	96,307	410,445
San Antonio	8,671	440,348	1,463,716	640,507	2,553,242
EPO	16,172	971,962	2,918,013	1,068,707	4,974,854
Total	125,537	4,790,845	12,471,670	4,388,584	21,776,636

FY2008 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of Frew Settlement

	Age Group				Total
	< 1	1-5	6-14	15-18	
FY2006 Total Incurred Claims (4)					
Austin	34,756	1,377,064	3,597,320	1,976,861	6,986,001
Corpus Christi	4,676	977,256	3,440,790	2,121,469	6,544,191
Dallas	228,645	5,033,242	15,580,110	4,220,661	25,062,658
El Paso	8,166	723,930	3,462,507	1,588,273	5,782,876
Fort Worth	118,849	3,911,543	11,579,367	4,779,147	20,388,906
Houston	345,453	12,840,603	34,655,342	16,511,669	64,353,068
Laredo	9,123	612,920	1,769,411	830,028	3,221,482
Lubbock	8,595	550,667	1,637,720	998,741	3,195,723
San Antonio	37,204	2,751,258	7,865,576	4,035,478	14,689,516
EPO	109,282	8,026,982	24,446,296	13,685,139	46,267,699
Total	904,750	36,805,465	108,034,440	50,747,465	196,492,120
Frew Rate Adjustment Factor (5)					
Austin	29.3 %	20.4 %	16.3 %	11.3 %	15.7 %
Corpus Christi	20.5 %	9.1 %	8.9 %	5.9 %	7.9 %
Dallas	7.3 %	11.0 %	8.3 %	9.3 %	9.0 %
El Paso	13.4 %	13.8 %	13.4 %	10.5 %	12.7 %
Fort Worth	13.1 %	11.7 %	9.2 %	6.6 %	9.1 %
Houston	15.3 %	13.4 %	11.1 %	7.6 %	10.7 %
Laredo	21.7 %	16.3 %	16.8 %	12.2 %	15.5 %
Lubbock	18.0 %	14.3 %	14.3 %	9.6 %	12.8 %
San Antonio	23.3 %	16.0 %	18.6 %	15.9 %	17.4 %
EPO	14.8 %	12.1 %	11.9 %	7.8 %	10.8 %
Total	13.9 %	13.0 %	11.5 %	8.6 %	11.1 %

## Footnotes:

- (1) Equals the additional cost resulting from application of the FY2008 Medicaid fee schedule to the FY2006 health plans claims (from the encounter database).
- (2) The Frew settlement is anticipated to result in increased utilization for certain services. It is assumed that the utilization of well-child (EPSDT) services will increase 16.5% and the utilization of medical (type of service 1) services will increase 5%.
- (3) Equals the impact of reimbursement changes and utilization changes combined.
- (4) Equals FY2006 health plan fee-for-service claims for all services (from the encounter database).
- (5) Equals Total Frew Impact divided by FY2006 Total Incurred Claims.

FY2008 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of Other Reimbursement Changes

	Age Group				
	< 1	1-5	6-14	15-18	Total
<b>Ambulance (1)</b>					
Austin	16	68,582	34,412	53,870	156,880
Corpus Christi	0	5,512	15,473	27,235	48,220
Dallas	164	24,736	110,759	66,836	202,495
El Paso	0	706	8,366	7,597	16,669
Fort Worth	0	20,677	203,514	111,146	335,336
Houston	240	85,756	247,174	213,573	546,743
Laredo	0	1,978	7,305	12,218	21,501
Lubbock	0	1,509	11,910	13,763	27,182
San Antonio	947	54,570	148,972	38,990	243,479
EPO	125	95,091	155,431	144,168	394,814
Total	1,492	359,116	943,316	689,395	1,993,320
<b>State-Owned Teaching Hospitals (1)</b>					
Austin	0	29	5,740	10,717	16,487
Corpus Christi	0	0	65	0	65
Dallas	0	0	0	0	0
El Paso	0	0	0	0	0
Fort Worth	0	0	0	0	0
Houston	412	83,553	241,290	123,498	448,753
Laredo	0	0	0	0	0
Lubbock	0	0	0	0	0
San Antonio	0	0	0	362	362
EPO	95	7,361	17,408	12,178	37,042
Total	507	90,943	264,503	146,755	502,708
<b>PT/OT/ST (1)</b>					
Austin	0	0	0	0	0
Corpus Christi	0	0	0	0	0
Dallas	0	6,038	8,266	0	14,305
El Paso	0	0	0	0	0
Fort Worth	0	0	0	0	0
Houston	0	143,869	17,203	0	161,072
Laredo	0	0	0	0	0
Lubbock	0	0	1,457	476	1,933
San Antonio	0	98,894	33,915	12,114	144,923
EPO	0	0	0	0	0
Total	0	248,801	60,842	12,590	322,233
<b>Total Cost Impact (2)</b>					
Austin	16	68,611	40,153	64,587	173,366
Corpus Christi	0	5,512	15,538	27,235	48,285
Dallas	164	30,775	119,025	66,836	216,799
El Paso	0	706	8,366	7,597	16,669
Fort Worth	0	20,677	203,514	111,146	335,336
Houston	652	313,178	505,667	337,071	1,156,568
Laredo	0	1,978	7,305	12,218	21,501
Lubbock	0	1,509	13,368	14,238	29,115
San Antonio	947	153,464	182,888	51,467	388,765
EPO	221	102,452	172,839	156,345	431,856
Total	1,999	698,861	1,268,661	848,740	2,818,261



FY2008 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of Other Reimbursement Changes

	Age Group				
	< 1	1-5	6-14	15-18	Total
FY2006 Total Incurred Claims (3)					
Austin	34,756	1,377,064	3,597,320	1,976,861	6,986,001
Corpus Christi	4,676	977,256	3,440,790	2,121,469	6,544,191
Dallas	228,645	5,033,242	15,580,110	4,220,661	25,062,658
El Paso	8,166	723,930	3,462,507	1,588,273	5,782,876
Fort Worth	118,849	3,911,543	11,579,367	4,779,147	20,388,906
Houston	345,453	12,840,603	34,655,342	16,511,669	64,353,068
Laredo	9,123	612,920	1,769,411	830,028	3,221,482
Lubbock	8,595	550,667	1,637,720	998,741	3,195,723
San Antonio	37,204	2,751,258	7,865,576	4,035,478	14,689,516
EPO	109,282	8,026,982	24,446,296	13,685,139	46,267,699
Total	904,750	36,805,465	108,034,440	50,747,465	196,492,120
Other Reimbursement Changes Rate Adjustment Factor (4)					
Austin	0.0 %	5.0 %	1.1 %	3.3 %	2.5 %
Corpus Christi	0.0 %	0.6 %	0.5 %	1.3 %	0.7 %
Dallas	0.1 %	0.6 %	0.8 %	1.6 %	0.9 %
El Paso	0.0 %	0.1 %	0.2 %	0.5 %	0.3 %
Fort Worth	0.0 %	0.5 %	1.8 %	2.3 %	1.6 %
Houston	0.2 %	2.4 %	1.5 %	2.0 %	1.8 %
Laredo	0.0 %	0.3 %	0.4 %	1.5 %	0.7 %
Lubbock	0.0 %	0.3 %	0.8 %	1.4 %	0.9 %
San Antonio	2.5 %	5.6 %	2.3 %	1.3 %	2.6 %
EPO	0.2 %	1.3 %	0.7 %	1.1 %	0.9 %
Total	0.2 %	1.9 %	1.2 %	1.7 %	1.4 %

## Footnotes:

- (1) Equals the additional cost resulting from application of the FY2008 Medicaid fee schedule to the FY2006 health plans claims (from the encounter database).
- (2) Equals the impact of reimbursement changes
- (3) Equals FY2006 health plan fee-for-service claims for all services (from the encounter database).
- (4) Equals Total Cost Impact divided by FY2006 Total Incurred Claims.

FY2008 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of 2.5% Outpatient Facility Reimbursement Restoration (1)

	Outpatient Facility Claims (2)	Total Claims (3)	OP % of Total	Adjustment Factor (4)
Austin	673,826	12,219,056	5.5 %	0.14 %
Corpus Christi	2,141,530	7,792,435	27.5 %	0.69 %
Dallas	6,898,671	27,121,487	25.4 %	0.64 %
El Paso	1,089,112	6,360,155	17.1 %	0.43 %
Fort Worth	3,673,478	20,792,238	17.7 %	0.44 %
Houston	14,688,519	66,906,816	22.0 %	0.55 %
Laredo	1,352,421	3,235,645	41.8 %	1.04 %
Lubbock	602,363	3,440,339	17.5 %	0.44 %
San Antonio	2,520,565	15,090,603	16.7 %	0.42 %
EPO	9,704,096	51,163,554	19.0 %	0.47 %
Total	43,344,581	214,122,327	20.2 %	0.51 %

## Footnotes:

- (1) The 2.5% reduction in outpatient facility reimbursement implemented in FY2004 was restored effective 9/1/2007.
- (2) Equals the health plan's FY2006 outpatient facility cost as reported in the FY2006 FSR.
- (3) Equals the health plan's FY2006 total fee-for-service medical cost as reported in the FY2006 FSR.
- (4) Equals OP % of Total times 2.5%.

FY2008 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of 2.5% Professional Services Reimbursement Restoration (1)

	Outpatient Facility Claims (2)	Total Claims (3)	OP % of Total	Adjustment Factor (4)
Austin	5,417,010	12,219,056	44.3 %	1.11 %
Corpus Christi	3,051,179	7,792,435	39.2 %	0.98 %
Dallas	8,072,696	27,121,487	29.8 %	0.74 %
El Paso	3,104,401	6,360,155	48.8 %	1.22 %
Fort Worth	5,599,494	20,792,238	26.9 %	0.67 %
Houston	22,295,016	66,906,816	33.3 %	0.83 %
Laredo	1,265,861	3,235,645	39.1 %	0.98 %
Lubbock	1,295,221	3,440,339	37.6 %	0.94 %
San Antonio	7,398,604	15,090,603	49.0 %	1.23 %
EPO	18,830,348	51,163,554	36.8 %	0.92 %
Total	76,329,830	214,122,327	35.6 %	0.89 %

## Footnotes:

- (1) The 2.5% reduction in professional services reimbursement implemented in FY2004 was restored effective 9/1/2007.
- (2) Equals the health plan's FY2006 outpatient facility cost as reported in the FY2006 FSR.
- (3) Equals the health plan's FY2006 total fee-for-service medical cost as reported in the FY2006 FSR.
- (4) Equals OP % of Total times 2.5%.

## *Attachment 5*

### Investment Income Adjustment

An investment income credit was included in the rating process to account for the income expected to be generated between the time the health plan receives the premium from HHSC and the time they pay claims. We have assumed that the value of this timing (or cash flow) difference is 0.32% of premium. The attached exhibit presents our analysis

FY2008 Rating  
Investment Income Assumption

<u>Program</u>	<u>Average Claims Lag (1)</u>	<u>FFS Claims/ Total (2)</u>	<u>Average DSP Lag (3)</u>	<u>DSP/ Total (4)</u>	<u>Interest Rate (5)</u>	<u>Investment Income Factor (6)</u>
STAR	1.54	0.820	3.20	0.107	4.5 %	0.28 %
CHIP	1.20	0.714			4.5 %	0.32 %
CHIP Dental	0.92	0.824			4.5 %	0.28 %

Footnotes:

- (1) The average time (in months) between the beginning of the month of claim incurral and payment date for all plans combined.
- (2) Equals the ratio of projected FY2008 FFS claims to FY2008 premium for all plans combined.
- (3) The average time (in months) between incurral of delivery claims and payment of DSP.
- (4) Equals the ratio of projected FY2008 DSP payments to FY2008 premium for all plans combined.
- (5) Assumed annual interest rate earned by the plan.
- (6) Equals Average Claims Lag divided by 12 times FFS Claims/Total times Interest Rate.

## *Attachment 6*

### Acuity Risk Adjustment

The rate setting methodology incorporates a risk adjustment technique that is designed to adjust the base community rate in each service area to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective members. The risk analysis was performed by the University of Florida's Institute for Child Health Policy (ICHP). The methodology used to incorporate the risk adjustment is the Chronic Illness and Disability Payment System (CDPS). The attached exhibits (provided by ICHP) present a summary of the risk adjustment analysis. There is a separate exhibit for each age group.

The column titled Case Mix on the chart is the acuity risk adjustment factor. It is the ratio of the predicted average cost of the individual health plan's membership divided by the predicted average cost of the entire service area's membership. The risk adjustment factor is applied to the community rate for each health plan and age group.

**TEXAS CHIP CDPS CSA/Health Plan Risk**  
**Reporting Period: September 1, 2005 to August 31, 2006**

CHIP						
CSA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
<b>CDPS</b>						
<b>TEXAS CHIP(Less than 1 Year of Age)</b>	579	100.00	108.05	108.05	1.000	1.000
<b>CSA 1</b>	8	1.38	35.40	82.51	1.000	0.430
First Care	2	25.00	4.92	82.51	1.000	0.060
Superior	6	75.00	45.11	82.51	1.000	0.550
<b>CSA 2</b>	186	32.12	180.94	105.29	1.000	1.720
Cook Children's	93	50.00	41.07	101.31	0.962	0.410
Parkland	61	32.80	485.10	117.93	1.120	4.110
Amerigroup	32	17.20	18.72	92.49	0.878	0.200
<b>CSA 5</b>	31	5.35	108.47	120.40	1.000	0.900
Seton	31	100.00	108.47	120.40	1.000	0.900
<b>CSA 6</b>	197	34.02	97.58	117.17	1.000	0.830
Texas Children's	124	62.94	122.07	119.30	1.018	1.020
UTMB	38	19.29	70.44	121.24	1.035	0.580
Amerigroup	35	17.77	38.89	104.94	0.896	0.370
<b>CSA 7</b>	27	4.66	48.26	95.86	1.000	0.500
Community First	18	66.67	64.61	96.78	1.010	0.670
Superior	9	33.33	16.04	94.05	0.981	0.170
<b>CSA 8</b>	9	1.55	22.89	82.51	1.000	0.280
Driscoll	9	100.00	22.89	82.51	1.000	0.280
<b>CSA 10</b>	5	0.86	133.70	181.24	1.000	0.740
Mercy	5	100.00	133.70	181.24	1.000	0.740
<b>CSA 11</b>	8	1.38	23.18	82.51	1.000	0.280
El Paso First	7	87.50	25.63	82.51	1.000	0.310
Superior	1	12.50	0.00	82.51	1.000	0.000
<b>Other Area</b>	108	18.65	35.23	98.71	1.000	0.360
Superior EPO	108	100.00	35.23	98.71	1.000	0.360

Note: CDPS results are based on information in enrollment and encounter datasets. CDPS results were obtained for those enrollees who had been in the program for at least 3 months (age<1) and for those who had been in the program for at least 6 months (age≥1) (permitting one month lapse in enrollment within the 6 months period).

**TEXAS CHIP CDPS CSA/Health Plan Risk**  
**Reporting Period: September 1, 2005 to August 31, 2006**

CHIP						
CSA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
<b>CDPS</b>						
<b>TEXAS CHIP (Age 1 to 5)</b>	47386	100.00	61.86	61.86	1.000	1.000
<b>CSA 1</b>	895	1.89	43.47	61.77	1.000	0.700
First Care	350	39.11	46.71	59.69	0.966	0.780
Superior	545	60.89	41.37	63.12	1.022	0.660
<b>CSA 2</b>	11546	24.37	61.03	61.38	1.000	0.990
Cook Children's	4793	41.51	68.14	60.86	0.992	1.120
Parkland	3793	32.85	67.26	63.88	1.041	1.050
Amerigroup	2960	25.64	41.34	59.01	0.961	0.700
<b>CSA 5</b>	2718	5.74	44.23	58.90	1.000	0.750
Seton	2718	100.00	44.23	58.90	1.000	0.750
<b>CSA 6</b>	14221	30.01	71.30	60.70	1.000	1.170
Texas Children's	8905	62.62	78.89	61.45	1.012	1.280
UTMB	2994	21.05	71.04	60.61	0.999	1.170
Amerigroup	2322	16.33	42.21	57.91	0.954	0.730
<b>CSA 7</b>	3179	6.71	70.86	60.78	1.000	1.170
Community First	2213	69.61	82.01	59.88	0.985	1.370
Superior	966	30.39	44.65	62.89	1.035	0.710
<b>CSA 8</b>	1400	2.95	66.81	67.66	1.000	0.990
Driscoll	1400	100.00	66.81	67.66	1.000	0.990
<b>CSA 10</b>	812	1.71	58.68	59.16	1.000	0.990
Mercy	812	100.00	58.68	59.16	1.000	0.990
<b>CSA 11</b>	1348	2.84	45.22	59.37	1.000	0.760
El Paso First	926	68.69	50.88	58.06	0.978	0.880
Superior	422	31.31	32.41	62.34	1.050	0.520
<b>Other Area</b>	11267	23.78	55.62	64.64	1.000	0.860
Superior EPO	11267	100.00	55.62	64.64	1.000	0.860

Note: CDPS results are based on information in enrollment and encounter datasets. CDPS results were obtained for those enrollees who had been in the program for at least 3 months (age<1) and for those who had been in the program for at least 6 months (age≥1) (permitting one month lapse in enrollment within the 6 months period).



**TEXAS CHIP CDPS CSA/Health Plan Risk**  
**Reporting Period: September 1, 2005 to August 31, 2006**

CHIP						
CSA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
<b>CDPS</b>						
<b>TEXAS CHIP (Age 6 to 14)</b>	194269	100.00	47.70	47.70	1.000	1.000
<b>CSA 1</b>	4154	2.14	32.20	49.81	1.000	0.650
First Care	1740	41.89	37.05	48.66	0.977	0.760
Superior	2414	58.11	28.66	50.65	1.017	0.570
<b>CSA 2</b>	42228	21.74	54.86	46.95	1.000	1.170
Cook Children's	17381	41.16	52.12	47.37	1.009	1.100
Parkland	13040	30.88	49.81	48.46	1.032	1.030
Amerigroup	11807	27.96	64.52	44.65	0.951	1.440
<b>CSA 5</b>	10085	5.19	38.55	46.49	1.000	0.830
Seton	10085	100.00	38.55	46.49	1.000	0.830
<b>CSA 6</b>	54934	28.28	52.01	46.25	1.000	1.120
Texas Children's	31432	57.22	55.56	46.90	1.014	1.180
UTMB	13857	25.22	56.31	47.73	1.032	1.180
Amerigroup	9645	17.56	34.04	41.94	0.907	0.810
<b>CSA 7</b>	15025	7.73	44.45	47.15	1.000	0.940
Community First	10687	71.13	52.22	47.82	1.014	1.090
Superior	4338	28.87	25.10	45.50	0.965	0.550
<b>CSA 8</b>	6525	3.36	49.31	51.57	1.000	0.960
Driscoll	6525	100.00	49.31	51.57	1.000	0.960
<b>CSA 10</b>	3629	1.87	42.61	48.72	1.000	0.870
Mercy	3629	100.00	42.61	48.72	1.000	0.870
<b>CSA 11</b>	7932	4.08	36.75	48.22	1.000	0.760
El Paso First	5978	75.37	40.36	48.31	1.002	0.840
Superior	1954	24.63	25.40	47.93	0.994	0.530
<b>Other Area</b>	49757	25.61	42.88	49.51	1.000	0.870
Superior EPO	49757	100.00	42.88	49.51	1.000	0.870

Note: CDPS results are based on information in enrollment and encounter datasets. CDPS results were obtained for those enrollees who had been in the program for at least 3 months (age<1) and for those who had been in the program for at least 6 months (age≥1) (permitting one month lapse in enrollment within the 6 months period).

**TEXAS CHIP CDPS CSA/Health Plan Risk**  
**Reporting Period: September 1, 2005 to August 31, 2006**

CHIP						
CSA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
<b>CDPS</b>						
<b>TEXAS CHIP (Age 15 to 18)</b>	80262	100.00	65.47	65.47	1.000	1.000
<b>CSA 1</b>	1924	2.40	53.58	66.93	1.000	0.800
First Care	795	41.32	65.27	67.28	1.005	0.970
Superior	1129	58.68	45.25	66.69	0.996	0.680
<b>CSA 2</b>	15236	18.98	58.87	64.64	1.000	0.910
Cook Children's	6500	42.66	71.83	65.57	1.014	1.100
Parkland	4398	28.87	50.64	64.53	0.998	0.780
Amerigroup	4338	28.47	47.86	63.34	0.980	0.760
<b>CSA 5</b>	3875	4.83	79.31	66.48	1.000	1.190
Seton	3875	100.00	79.31	66.48	1.000	1.190
<b>CSA 6</b>	22075	27.50	79.01	64.41	1.000	1.230
Texas Children's	11374	51.52	96.88	65.69	1.020	1.470
UTMB	6677	30.25	76.63	66.40	1.031	1.150
Amerigroup	4024	18.23	31.76	57.36	0.891	0.550
<b>CSA 7</b>	6524	8.13	58.12	63.09	1.000	0.920
Community First	4574	70.11	67.99	63.95	1.014	1.060
Superior	1950	29.89	34.84	61.07	0.968	0.570
<b>CSA 8</b>	3086	3.84	71.12	66.54	1.000	1.070
Driscoll	3086	100.00	71.12	66.54	1.000	1.070
<b>CSA 10</b>	1505	1.88	57.31	64.65	1.000	0.890
Mercy	1505	100.00	57.31	64.65	1.000	0.890
<b>CSA 11</b>	3902	4.86	40.19	64.04	1.000	0.630
El Paso First	3017	77.32	43.74	64.18	1.002	0.680
Superior	885	22.68	27.71	63.58	0.993	0.440
<b>Other Area</b>	22135	27.58	61.61	67.68	1.000	0.910
Superior EPO	22135	100.00	61.61	67.68	1.000	0.910

Note: CDPS results are based on information in enrollment and encounter datasets. CDPS results were obtained for those enrollees who had been in the program for at least 3 months (age<1) and for those who had been in the program for at least 6 months (age≥1) (permitting one month lapse in enrollment within the 6 months period).

## *Attachment 7*

### Delivery Supplemental Payment

The rate setting methodology includes a risk adjustment technique designed to provide uniform treatment of the health plans for costs related to maternity services. In order to recognize the potential inequity that might arise between health plans with respect to the proportion of maternity cases, HHSC reimburses each plan \$3,100 for each birth.

## *Attachment 8*

### CHIP Perinatal Rating

For the new CHIP Perinatal program we have developed premium rates for four categories of clients or risk groups: (1) newborns under 185% of the Federal Poverty Level (FPL); (2) newborns between 185% and 200% FPL; (3) expectant mothers under 185% FPL; and (4) expectant mothers between 185% and 200% FPL.

The basis for CHIP Perinatal newborn rates was STAR newborn rates. We began with FY2008 STAR newborn rates by service area. For those CHIP service areas that are not a STAR area (Laredo and the EPO service area) we used the overall average STAR newborn rate. To the STAR rates we made adjustments for: (1) removal of delayed enrollment; (2) benefit differences between STAR and CHIP; (3) an additional 1% risk margin and (4) the impact of carve-out of the initial inpatient facility cost for newborns under 185% FPL. Attached Exhibit A presents a summary of the rate calculation for CHIP Perinatal newborn rates.

The basis for premium rates for expectant mothers was FY2004 and FY2005 fee-for-service (FFS) plan claims experience for selected services for TP 40 clients – pregnant women who are below 185% FPL and eligible only because they are pregnant (provided by HHSC Strategic Decision Support staff). This claims experience was trended forward to FY2008, assuming a 5% annual trend. The expectant mother rate for clients under 185% FPL also includes \$315.33 pmpm (equals \$1,100 plus an additional amount to adjust for the loss of upper payment limit divided by four months expected enrollment) for the professional component of delivery services. Provisions for administrative expenses and risk margin were added to the projected claims, and an investment income credit was taken to produce the FY2008 premium rates for expectant mothers.

The administrative expense provision for the expectant mother rate was set equal to the average administrative fee included in the STAR rates. This revision to our usual administrative fee formula was necessary because even though benefits are limited for expectant mothers, the health plan is still responsible for administering and managing the total cost. The risk margin is 3% which is 1% higher than that used for the regular CHIP program. The use of a higher risk margin was deemed appropriate given that CHIP Perinatal is a new program with no direct experience data to draw from.

An investment income credit was included to account for the income expected to be generated between the time the health plan receives the premium from HHSC and the time they pay claims. We have assumed that the value of this timing (or cash flow) difference is 0.32% of premium. Attachment 5 presents our analysis and estimate of the value of this revision.

In addition to the premium, HHSC pays the health plans a \$3,100 delivery supplemental payment (DSP) per maternity delivery for those CHIP Perinatal clients between 185% and 200% FPL. More information on DSP is included in Attachment 7.

The expectant mother premium rates are the same for all areas. Attached Exhibit B presents a summary of the rate calculation for CHIP Perinatal expectant mother rates. Attached Exhibit C is a summary of the CHIP Perinatal rates for all categories.

FY2008 CHIP Perinatal Rating  
Newborn Cost

	<u>Austin</u>	<u>Corpus Christi</u>	<u>Dallas</u>	<u>El Paso</u>	<u>Fort Worth</u>	<u>Houston</u>	<u>Laredo</u>	<u>Lubbock</u>	<u>San Antonio</u>	<u>EPO</u>	<u>Total</u>
Projected FY2008 CHIP Total Member Months	243,150	143,526	667,446	202,552	406,797	1,353,606	81,514	97,852	385,233	1,144,643	4,726,319
Projected FY2008 STAR Newborn Member Months	81,647	76,560	234,158	90,430	174,528	389,605		48,737	194,501		1,290,167
FY2008 STAR Newborn Premium Rate pmpm	\$ 776.58	\$ 936.09	\$ 690.29	\$ 579.01	\$ 600.57	\$ 713.39	\$ 690.09	\$ 437.14	\$ 705.42	\$ 690.09	\$ 690.09
Adjustment Factors											
Delayed Enrollment (1)	0.948	0.948	0.948	0.948	0.948	0.948	0.948	0.948	0.948	0.948	0.948
Benefit Differences	0.986	0.986	0.986	0.986	0.986	0.986	0.986	0.986	0.986	0.986	0.986
Cost Sharing											
<185% FPL	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
185%+ FPL	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Additional Risk Margin (2)	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010
Hospital Carve-out	0.532	0.532	0.532	0.532	0.532	0.532	0.532	0.532	0.532	0.532	0.532
FY2008 CHIP Perinatal Newborn Premium Rate pmpm											
<185% FPL (3)	\$ 434.23	\$ 523.42	\$ 385.98	\$ 323.76	\$ 335.81	\$ 398.90	\$ 385.87	\$ 244.43	\$ 394.44	\$ 385.87	\$ 387.08
185%+ FPL (4)	\$ 816.04	\$ 983.65	\$ 725.37	\$ 608.42	\$ 631.08	\$ 749.63	\$ 725.15	\$ 459.35	\$ 741.26	\$ 725.15	\$ 727.43

## Footnotes:

- (1) From the Nueces SDA STAR rating analysis. Equals the expected average cost for managed care members relative to all members.
- (2) The risk margin for the new program has been set at 3%.
- (3) Equals FY2008 STAR Newborn Premium Rate pmpm divided by Delayed Enrollment factor times Benefit Differences factor times Cost Sharing factor times Additional Risk Margin factor.
- (4) Equals FY2008 STAR Newborn Premium Rate pmpm divided by Delayed Enrollment factor times Benefit Differences factor times Cost Sharing factor times Additional Risk Margin factor times Hospital Carve-out factor.

FY2008 CHIP Perinatal Rating  
Pregnant Women's Cost

	<u>&lt;185%</u> <u>FPL</u>	<u>185%+</u> <u>FPL</u>
Experience Period Claims Cost pmpm		
Prenatal and Post-natal Services (1)	\$ 87.72	\$ 87.72
Outpatient Observation (2)	8.70	8.70
Ambulance (2)	\$ 1.58	\$ 1.58
Projected FY2008 Claims Cost pmpm (3)		
Prenatal and Post-natal Services	\$ 106.62	\$ 106.62
Outpatient Observation	10.07	10.07
Ambulance	1.83	1.83
Physician Delivery Cost	315.33	0.00
Total	\$ 433.85	\$ 118.52
Frew Adjustment Factor	1.10	1.10
Projected FY2008 Claims Cost pmpm	\$ 477.23	\$ 130.37
Administrative Expenses pmpm (4)	\$ 36.25	\$ 36.25
Risk Margin	3.00 %	3.00 %
Premium Tax	1.75 %	1.75 %
Maintenance Tax	\$ 0.1025	\$ 0.1025
Investment Income Adjustment	0.9968	0.9968
Monthly Premium Rate	\$ 539.19	\$ 175.04

## Footnotes

(1) Based on FY2004 experience.

(2) Based on FY2005 experience.

(3) Assumes 5% annual cost trend.

(4) Equals the average administrative expense provision included in the STAR Pregnant Women rates.

FY2008 CHIP Perinatal Rating  
Monthly Premium Rate

Service Area	Newborns		Expectant Mother		
	<185% FPL	185-200% FPL	<185% FPL	185-200% FPL	DSP*
Austin	\$ 434.23	\$ 816.04	\$ 539.19	\$ 175.04	\$ 3,100.00
Corpus Christi	523.42	983.65	539.19	175.04	3,100.00
Dallas	385.98	725.37	539.19	175.04	3,100.00
El Paso	323.76	608.42	539.19	175.04	3,100.00
Fort Worth	335.81	631.08	539.19	175.04	3,100.00
Houston	398.90	749.63	539.19	175.04	3,100.00
Laredo	385.87	725.15	539.19	175.04	3,100.00
Lubbock	244.43	459.35	539.19	175.04	3,100.00
San Antonio	394.44	741.26	539.19	175.04	3,100.00
EPO Area	385.87	725.15	539.19	175.04	3,100.00

\* Delivery Supplemental Payment. DSP applies to births from mothers between 185% and 200% of the Federal Poverty Level.

## Attachment 9

### CHIP Dental Rating

The model used to derive the FY2008 CHIP Dental premium rates relies primarily on dental plan financial experience. Historical claims experience data for the dental plan was analyzed and estimates for the base period (September, 2006 through April, 2007) were developed. A seasonal adjustment was applied to the base period data in order to adjust for increased utilization during the summer months. The claims experience was trended forward to FY2008 using an assumed annual trend rate of 5%. Provisions for administrative expenses and risk margin were added to the projected claims and an investment income credit was taken to produce the FY2008 premium rates.

The Texas Medicaid program will implement significant changes in dental provider reimbursement effective September 1, 2007 in response to the Frew lawsuit settlement. Refer to Section VI of this report for a description of the dental reimbursement changes and their impact on CHIP dental rates.

Attached Exhibit A presents a summary of the experience analysis performed for the CHIP dental plan. The top portion of the exhibit shows summary base period (September, 2006 through April, 2007) experience. Following that is projected FY2008 enrollment, premium and incurred claims experience.

The amount allocated for administrative expenses is \$1.549 pmpm plus 1.75% of gross premium. A risk margin is also included at 2.0% of gross premium.

Near the bottom of the exhibit is a summary of the projected FY2008 cost based on these assumptions and the experience rate increase applied to the three rate tiers.

Exhibit B presents the FY2008 premium rates for the three rate tiers. The FY2008 per-capita rates are determined as the FY2007 rates increased by the experience rate increase by age calculated on Exhibit A, as described above.



CHIP Dental Rating  
 Experienced Based Renewal Rating  
 Projection Period: 9/1/2007 - 8/31/2008

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006-4/30/2007										
Member Months	6,488		422,771		1,581,245		525,451		2,535,955	
Premium Revenue	13,560	2.09	2,769,396	6.55	17,186,241	10.87	4,998,942	9.51	24,968,140	9.85
Estimated Incurred Claims	1,160	0.18	2,164,098	5.12	14,224,685	9.00	3,697,583	7.04	20,087,526	7.92
Projected FY2008 Member Months	8,566		659,275		2,502,666		855,217		4,025,724	
Annual Trend Assumptions										
FY2007	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	41.1 %		41.1 %		41.1 %		41.1 %		41.1 %	
Utilization Adjustment	10.0 %		10.0 %		10.0 %		10.0 %		10.0 %	
Seasonality Adjustment	1.0404		1.0404		1.0404		1.0404		1.0404	
Projected Incurred Claims	2,618	0.31	5,768,719	8.75	38,484,633	15.38	10,287,332	12.03	54,543,301	13.55
Administrative Expenses										
Fixed Amount	13,269	1.55	1,021,327	1.55	3,877,047	1.55	1,324,873	1.55	6,236,517	1.55
Percentage of Premium	1.75 %	0.03	1.75 %	0.19	1.75 %	0.31	1.75 %	0.25	1.75 %	0.27
Risk Margin	2.00 %	0.04	2.00 %	0.21	2.00 %	0.35	2.00 %	0.28	2.00 %	0.31
Investment Income Adjustment		0.9972		0.9972		0.9972		0.9972		0.9972
Projected Total Cost	16,461	1.92	7,034,840	10.67	43,888,901	17.54	12,030,848	14.07	62,971,049	15.64
Experience Rate Increase		-8.1%		62.9%		61.4%		47.9%		58.9%

FY2008 CHIP Dental Premium Rates

	<u>&lt;1</u>	<u>1-5</u>	<u>6-14</u>	<u>15-18</u>
FY2007 Premium Rates				
Tier I	\$ 2.09	\$ 6.51	\$ 10.74	\$ 9.39
Tier II	2.09	6.57	10.86	9.49
Tier III	2.10	6.70	11.10	9.69
Projected FY2008 Premium Rates				
Tier I	\$ 1.92	\$ 10.60	\$ 17.33	\$ 13.88
Tier II	1.92	10.70	17.52	14.03
Tier III	1.93	10.91	17.91	14.33
Projected FY2008 Rate Increase				
Tier I	-8.1 %	62.9 %	61.4 %	47.9 %
Tier II	-8.1 %	62.9 %	61.4 %	47.9 %
Tier III	-8.1 %	62.9 %	61.4 %	47.9 %