

**STATE OF TEXAS
MEDICAID MANAGED CARE
RATE SETTING
PHARMACY CARVE-IN
STATE FISCAL YEAR 2014**

Prepared for:

Texas Health and Human Services Commission

UMCC V2.6, STAR+PLUS EXP V1.11, CHIP RSA V1.11 and STAR Health V1.15

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I. Introduction

Effective March 1, 2012, the Texas Health and Human Services Commission (HHSC) implemented pharmacy carve-in for all its Medicaid and CHIP managed care programs. Prior to that date the Managed Care Organizations (MCOs) were not financially responsible for the provision of outpatient prescription drug services under the programs. Those services had been carved out and remained the financial responsibility of HHSC directly, provided under the agency's Vendor Drug Program (VDP). Effective with this change, the premium amount paid to the MCOs included provision for prescription drug services and the MCO were financially responsible for those services.

Rudd and Wisdom, Inc. has been retained by HHSC to develop the pharmacy carve-in premium rates for the period fiscal year 2014 (FY2014, September 1, 2013 through August 31, 2014) for those MCOs participating in the Texas Medicaid and CHIP managed care programs. This report presents the rating methodology and assumptions used in developing the pharmacy carve-in premium rates.

Rudd and Wisdom has provided actuarial services to the Texas Medicaid program for over 25 years. We have participated in the state's managed care rating process since its inception in 1993. This year, as in previous years, we have worked closely with HHSC in developing the premium rates documented in this report.

Rudd and Wisdom has relied on the following data sources as provided by HHSC, its subcontractors, participating MCOs and their Pharmacy Benefit Managers (PBMs):

- Monthly detailed enrollment files for the period September 2007 through March 2013. These files (provided by HHSC) include identification information, health plan code, ZIP Code, risk group and date of birth for all Medicaid and CHIP members.
- Projected monthly enrollment by program, service area, health plan and risk group for FY2014. These projections were prepared by HHSC System Forecasting staff.
- Financial Statistical Reports (FSR) for each participating MCO for the twelve months ending February 28, 2013. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the MCO.
- Monthly Fee-for Service (FFS) pharmacy claim files for the period September 2007 through March 2013 provided by HHSC and its subcontractor. These files included detailed FFS claims information on all Medicaid and CHIP pharmacy claims paid during the applicable month.
- Monthly managed care pharmacy claim files for the period March 2012 through March 2013 provided by the MCOs. These files included detailed managed care claims information on all Medicaid and CHIP pharmacy claims paid during the applicable month.
- Summary pharmacy claim reports provided by HHSC and its subcontractor which included monthly paid claim amounts. These reports were used to confirm that all pharmacy claims and payments were included in our analysis.

- Pharmacy claim lag reports provided by the MCOs which include monthly paid claims amounts by incurred month by program, service area, health plan and risk group for the period March 2012 through March 2013.
- FY2012 acuity risk adjustment analysis provided by the External Quality Review Organization (EQRO) for each participating health plan.
- Information from HHSC regarding recent changes in covered prescription drug services and pharmacy reimbursement under the VDP.
- Information from HHSC regarding anticipated future changes in pharmacy reimbursement under the VDP.
- Information from MCOs regarding administrative cost, pharmacy reimbursement and other provisions included in their PBM contracts.
- Information from HHSC, their subcontractor, the MCOs and their PBMs regarding the anticipated impact of pharmacy carve-in on prescription drug utilization and cost.

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 FY2014 (the rating period) MCO pharmacy carve-in premium rates relies primarily on managed care claims experience. The historical claims experience for each program, service area, health plan and risk group was analyzed and estimates for the base period (March 1, 2012 through February 28, 2013) were developed. These estimates were then projected forward to the rating period using assumed trend rates. Additional adjustments were made to the historical experience to reflect any programmatic changes in covered services, member cost sharing or pharmacy reimbursement. Administrative expenses, risk margin and premium tax were added to the claims component in order to project the total rating period cost under the MCOs. These projected total cost rates were then used to produce a set of community rates for each program and service area.

The Medicaid and CHIP managed care programs included in this analysis are as follows:

- STAR
- STAR+PLUS
- STAR Health
- CHIP
- CHIP Perinatal

The managed care service areas included in the analysis were as follows:

- Bexar County Service Area– STAR, STAR+PLUS and CHIP
- Dallas County Service Area – STAR, STAR+PLUS and CHIP
- El Paso County Service Area – STAR, STAR+PLUS and CHIP
- Harris County Service Area – STAR, STAR+PLUS and CHIP
- Hidalgo County Service Area – STAR and STAR+PLUS
- Jefferson County Service Area – STAR, STAR+PLUS and CHIP
- Lubbock County Service Area – STAR, STAR+PLUS and CHIP
- Nueces County Service Area – STAR, STAR+PLUS and CHIP
- Tarrant County Service Area – STAR, STAR+PLUS and CHIP
- Travis County Service Area – STAR, STAR+PLUS and CHIP
- MRSA Central Service Area – STAR only
- MRSA Northeast Service Area – STAR only
- MRSA West Service Area – STAR only
- Rural Service Area (RSA) - CHIP only

The risk groups included in the analysis are as follows:

STAR Program

Please note that the risk groups for STAR will change to the following effective September 1, 2013.

- Children Under Age One Year
- Children Ages 1 to 5 Years
- Children Ages 6 to 14 Years

- Children Ages 15 to 18 Years
- Children Ages 19 to 20 Years
- TANF Adults
- Pregnant Women
- SSI (MRSA service areas only)

STAR+PLUS Program

- Medicaid Only – Other Community Care (OCC)
- Medicaid Only – Home and Community Based Services (HCBS)

CHIP Program

- Under Age 1
- Ages 1 through 5
- Ages 6 through 14
- Ages 15 through 18

CHIP Perinatal Program

- Perinate Under 185% FPL
- Perinate Between 185% and 200% FPL
- Newborns Between 185% and 200% FPL

The STAR Health program is a statewide program for foster care clients with no separately-rated service areas or risk groups.

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 detailed claim files, (ii) FSRs and (iii) claim lag reports provided by the MCOs. There was satisfactory consistency between the three claims data sources.

We projected the rating period cost for each program, service area, health plan and risk group by estimating their base period average per-capita claims cost and then applying trend and other adjustment factors (described in Section III below). We added a reasonable provision for administrative expenses, risk margin and premium tax.

HHSC utilizes a risk-adjusted community rating methodology in setting the pharmacy carve-in premium rates. The community rates vary by program, service area and risk group but are the same for each MCO in a service area. Attachment 2 presents the summary community rating exhibit for each program and service area along with a description of the analysis. The community rate in each service area was then 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.

III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2014 pharmacy carve-in premium rate setting process.

Trend Factors

The rating methodology uses assumed trend factors to adjust the base period (March 1, 2012 through February 28, 2013) claims cost to the rating period. The cost trend factors used in this analysis are a combination of utilization and inflation components. The trend rate assumptions were developed by the actuary based on an analysis of recent pharmacy claims experience under the various Medicaid and CHIP programs. The trend rate assumption varied by program and risk group but was the same for all service areas.

The trend analysis included a review of both FFS and managed care claims experience data paid through March 31, 2013. Based on this information, estimates of monthly incurred claims were determined through February 2013. The per-capita claims cost and trend experience was reviewed separately by program, service area and risk group. The service area trends were then combined into a statewide average using a weighted average formula with current enrollment as the weights.

The rating period trend assumptions were developed using the following formula:

Rating period trend rate equals one-eighth of the actual FY2010 trend plus two-eighths of the actual FY2011 trend plus three-eighths of the actual FY2012 trend plus two-eighths of the trend for the period September 1, 2012 through February 28, 2013. Adjustments to the historical trends were made to recognize the impact of (a) the FFS dispensing fee change effective September 1, 2011, (b) the change to unlimited prescriptions for adults in managed care effective March 1, 2012 and (c) the pharmacy reimbursement change (due to the change from FFS to managed care) effective March 1, 2012. The above formula was used in developing the trend assumptions for all programs and risk groups.

Recent pharmacy cost trends are difficult to isolate. Program changes due to pharmacy carve-in (pharmacy reimbursement reductions, for example) have reduced the per-capita cost of the program. While we have attempted to adjust for these factors in our analysis of the historical trend, our formulaic approach sometimes produces results which we consider unreasonable. For the STAR program, we have selected trend assumptions consistent with those used in the FY2013 rate setting project.

Effective September 1, 2013, the children's risk groups in STAR risk groups will change to an age group basis. As a result, for purposes of our trend analysis, we have combined all of the STAR children into a single group. The resulting future trend assumption will apply to STAR children age groups.

The trend assumption for STAR Disabled and Blind clients (in the MRSA service areas only) was developed based on STAR+PLUS Medicaid Only experience. A single trend

assumption was developed for the two STAR+PLUS risk groups and a single trend assumption was developed for all CHIP and CHIP Perinatal risk groups.

Attachment 3 is a summary of the cost trend analysis. The chart below presents the assumed annual trend rates for the rating period.

	<u>Rating Period Trend Assumption</u>
<u>STAR</u>	
Children Under Age One Year	1.3 %
Children Ages 1 to 5 Years	1.3 %
Children Ages 6 to 14 Years	1.3 %
Children Ages 15 to 18 Years	1.3 %
Children Ages 19 to 20 Years	1.3 %
TANF Adults	6.3 %
Pregnant Women	0.0 %
SSI	4.7 %
<u>STAR+PLUS</u>	
Medicaid Only OCC	4.7 %
Medicaid Only HCBS	4.7 %
<u>STAR Health</u>	
All Clients	2.4 %
<u>CHIP and CHIP Perinatal</u>	
All Clients	4.3 %

MCO Pharmacy Claims Paid by HHSC

On March 15 and 16, 2012 some pharmacy claims for clients enrolled in an MCO were incorrectly submitted to and paid by HHSC. As a result, these claims were not included in the base period experience used in developing the FY2014 pharmacy carve-in premium rates. In order to adjust for this understatement of experience period incurred claims, we included all FFS claims for managed care clients incurred during the two days at issue.

ESRD and Ventilator-dependent Clients

Currently, STAR+PLUS members who are diagnosed with End Stage Renal Disease (ESRD) or become ventilator dependent may be disenrolled from managed care. Effective September 1, 2013, this disenrollment will no longer be allowed. In addition, affected

members who were previously disenrolled from STAR+PLUS will be re-enrolled in managed care.

HHSC provided member identification numbers for those 217 members who were disenrolled from STAR+PLUS as a result of being diagnosed with ESRD or becoming ventilator dependent during the period September 1, 2006 through August 31, 2012. Attachment 4 presents a summary of our analysis of the impact of this program change. We determined the FFS enrollment and claims experience for these disenrolled members during the experience period and developed appropriate adjustment factors.

Family Planning Adjustment

Some of the MCOs that participate in the STAR, CHIP and CHIP Perinatal programs do not provide family planning services. HHSC provided us with a listing of those drugs that are not provided by these MCOs. Using base period claims experience, we determined the percentage of claims cost expected to be represented by these family planning drugs. The pharmacy carve-in premium rates for these MCOs have been reduced to reflect the reduced services provided. Attachment 5 presents a summary of the family planning adjustment factor analysis.

Small Sample Size Adjustments

Both the CHIP and CHIP Perinatal programs contain risk groups that are too small to establish rates on an individual service area basis. These risk groups are the Under Age One risk group in CHIP and the Perinate Between 185% and 200% FPL and Newborns Between 185% and 200% FPL risk groups in CHIP Perinatal. In those cases we have developed a statewide premium rate which applies to all MCOs in all service areas.

Risk Adjustment

Several risk adjustment techniques are employed in the rate setting methodology. Premium rates are established separately by area of the state and risk group in order to recognize the inherent geographical and demographical variation in the cost of delivering care. In addition, the rating methodology 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 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. The risk analysis was performed by the University of Florida's Institute for Child Health Policy (IHP). The methodology used to incorporate the acuity risk adjustment is the Chronic Illness and Disability Payment System (CDPS). Additional information regarding acuity risk adjustment is included in the report titled State of Texas Medicaid Managed Care STAR Program Rate Setting State Fiscal Year 2014.

The same acuity risk adjustment factors are used for pharmacy carve-in as are used for medical. For new MCOs in the STAR Nueces and Travis service areas, we assumed no acuity risk adjustment for the period September 2013 through February 2014 (the first six months of FY2014) and 50% of the applicable risk adjustment factor for the period March 2014 through August 2014. For new MCOs in the other existing STAR service areas and all CHIP service areas, we assumed 50% of the risk adjustment factor applies for FY2014. These revisions to the risk adjustment methodology were applied in order to recognize the significant increase in enrollment for these new MCOs since the fiscal year 2012 experience period. For all MCOs in new STAR and STAR+PLUS service areas, we assumed the greater of (a) 100% acuity risk adjustment or (b) 50% of the risk adjustment factor for the period September 2013 through February 2014 and 100% of the risk adjustment factor for the period March 2014 through August 2014. This revision was made to recognize that only six months of information was available to determine member acuity as compared to the usual 12 months.

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.

Rebates

The prescription drug cost analysis presented in this report includes the gross pharmacy cost, i.e., it has not been reduced to reflect formulary rebates. HHSC retains the rebate management function for both federal and supplemental rebates.

IV. Administrative Fees and Risk Margin

The pharmacy carve-in rating methodology includes an explicit provision for administrative services. The amount allocated for administrative expenses is \$1.80 per member per month. This amount is intended to provide for all administrative services performed by the MCO and its subcontractors.

The premium rates also include an amount for premium tax (1.75% of premium) and a risk margin (2.0% of premium).

V. Summary

Attachment 1 presents the results of the FY2014 pharmacy carve-in rating analysis for each of the Medicaid and CHIP managed care programs.

VI. Actuarial Certification of FY2014 Pharmacy Carve-in Premium Rates

I, David G. Wilkes, am a principal with the firm of Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom). I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. I meet the Academy's qualification standards for rendering this opinion.

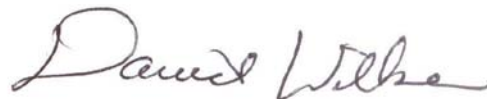
Rudd and Wisdom has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their pharmacy carve-in rate-setting methodology, assumptions and resulting premium rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c). The premium rates for the pharmacy carve-in program are effective for the period fiscal year 2014 (FY2014, September 1, 2013 through August 31, 2014).

I certify that the pharmacy carve-in premium rates developed by HHSC and Rudd and Wisdom satisfy the following:

- (a) The premium rates have been developed in accordance with generally accepted actuarial principals and practices;
- (b) The premium rates are appropriate for the populations and services covered under the managed care contract; and
- (c) The premium rates are actuarially sound as defined in the regulations.

We have relied on historical experience data and program information provided to us by HHSC. We have reviewed the data for reasonableness but have not audited the data.

Please note that actual health plan contractor experience will differ from these projections. Rudd and Wisdom has developed these rates on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c). Any health plan contracting with the State should analyze its own projected premium needs before deciding whether to contract with the State.



David G. Wilkes, F.S.A., M.A.A.A.

VII. Attachments

Attachment 1

Summary of Pharmacy Carve-in Rating Analysis

The attached exhibit presents the resulting FY2014 pharmacy carve-in premium rates. The exhibit includes premium rates by service area, health plan and risk group for the STAR, STAR+PLUS, STAR Health, CHIP and CHIP Perinatal programs.

STAR Program

Service Area/MCO	Children <1	Children 1-5	Children 6-14	Children 15-18	Children 19-20	TANF Adults	Pregnant Women	SSI
Bexar-Aetna	\$ 22.01	\$ 24.31	\$ 34.71	\$ 30.91	\$ 17.96	\$ 108.62	\$ 40.38	
Bexar-Amerigroup	20.31	23.54	37.83	32.25	20.92	106.77	38.02	
Bexar-CFHP	20.47	24.28	39.81	36.61	22.76	115.09	39.57	
Bexar-Superior	24.17	26.54	39.80	35.14	23.56	124.07	42.10	
Dallas-Amerigroup	27.86	27.40	35.69	36.13	24.35	79.98	39.57	
Dallas-Molina	27.92	27.86	33.88	35.07	24.30	77.75	37.92	
Dallas-Parkland	30.92	30.47	37.68	38.64	27.06	80.85	40.55	
El Paso-El Paso First	36.47	29.34	34.25	35.99	22.94	89.56	32.83	
El Paso-Molina	32.49	30.42	32.78	32.91	41.68	87.39	30.33	
El Paso-Superior	39.91	27.90	37.32	37.70	24.54	95.79	33.06	
Harris-Amerigroup	32.50	28.30	31.76	30.28	23.63	116.38	42.27	
Harris-CHC	27.88	27.67	29.79	28.02	21.74	99.60	41.92	
Harris-Molina	29.97	32.15	33.57	31.41	24.97	105.13	40.05	
Harris-TCHP	26.07	27.56	35.77	33.10	21.52	91.77	41.08	
Harris-United	31.42	30.85	32.01	37.38	29.66	119.75	41.57	
Hidalgo-Driscoll	49.75	45.27	42.19	37.04	22.89	87.96	40.85	
Hidalgo-Molina	50.46	55.60	50.32	43.23	28.09	110.39	37.77	
Hidalgo-Superior	59.59	58.14	50.20	43.45	24.62	109.64	39.75	
Hidalgo-United	66.56	58.78	49.89	41.89	24.61	124.90	39.69	
Jefferson-Amerigroup	55.66	43.83	45.54	37.79	28.22	134.87	38.50	
Jefferson-CHC	40.11	35.54	47.87	36.97	28.73	104.21	37.40	
Jefferson-Molina	43.87	42.26	46.26	33.78	43.12	120.96	37.40	
Jefferson-TCHP	41.05	40.14	55.61	41.69	26.02	99.68	36.65	
Jefferson-United	39.75	35.38	49.45	38.55	42.24	126.02	39.93	
Lubbock-Amerigroup	28.71	21.71	38.14	30.77	34.11	95.76	32.63	
Lubbock-Firstcare	31.32	22.91	33.90	37.01	38.09	106.71	35.32	
Lubbock-Superior	30.11	24.70	36.73	34.12	31.63	92.94	36.45	
Nueces-Christus	41.92	36.86	49.74	35.87	19.08	105.27	37.97	
Nueces-Driscoll	41.27	40.70	55.47	41.65	21.52	102.23	41.95	
Nueces-Superior	38.26	41.80	50.13	39.67	25.94	136.19	44.27	
Tarrant-Aetna	23.54	22.38	27.96	32.37	23.54	103.29	43.05	
Tarrant-Amerigroup	21.67	20.09	31.80	31.70	21.04	106.81	42.49	
Tarrant-Cook	21.46	24.22	41.24	36.72	20.47	82.91	43.79	
Travis-BCBSTX	21.47	19.46	27.49	28.73	19.12	93.39	35.75	
Travis-Sendero	22.52	22.54	26.78	27.18	22.35	90.64	35.85	
Travis-Seton	22.90	19.73	27.68	28.05	14.83	89.95	34.42	
Travis-Superior	25.20	21.75	28.58	30.95	19.42	102.44	38.02	
MRSA Cent-Amerigroup	22.70	22.91	39.15	32.19	20.79	86.30	32.16	294.22
MRSA Cent-S&W	22.89	22.97	38.99	34.64	18.47	91.55	31.99	308.73
MRSA Cent-Superior	24.30	22.76	40.55	34.90	20.36	107.72	34.68	349.02
MRSA NE-Amerigroup	30.98	33.77	44.09	36.82	27.29	117.36	38.85	349.06
MRSA NE-Superior	32.44	30.39	45.72	36.09	26.31	120.41	38.33	361.44
MRSA West-Amerigroup	27.75	22.04	35.54	32.88	38.51	93.76	30.97	319.34
MRSA West-Firstcare	27.12	22.44	38.47	31.93	40.25	113.24	30.93	330.05
MRSA West-Superior	28.61	25.14	42.71	36.57	44.28	112.09	31.84	362.91

FY2014 Pharmacy Carve-in Rate Setting
 Monthly per-Capita Premium Rates

Service Area	Medicaid Only OCC	Medicaid Only HCBS
Bexar-Amerigroup	\$ 389.71	\$ 757.11
Bexar-Molina	357.31	766.09
Bexar-Superior	418.18	763.03
Dallas-Molina	325.84	727.59
Dallas-Superior	335.54	754.98
El Paso-Amerigroup	398.80	685.65
El Paso-Molina	440.42	596.99
Harris-Amerigroup	376.83	838.57
Harris-Molina	353.57	829.43
Harris-United	430.79	758.74
Hidalgo-Healthspring	314.00	618.85
Hidalgo-Molina	310.70	706.89
Hidalgo-Superior	335.06	647.86
Jefferson-Amerigroup	339.18	688.73
Jefferson-Molina	376.84	665.48
Jefferson-United	390.04	899.97
Lubbock-Amerigroup	368.65	512.52
Lubbock-Superior	379.53	586.99
Nueces-Superior	392.75	705.06
Nueces-United	362.56	643.21
Tarrant-Amerigroup	418.44	806.84
Tarrant-Healthspring	365.81	892.33
Travis-Amerigroup	410.87	916.36
Travis-United	377.26	824.76
STAR Health Program	\$ 174.71	

CHIP Program

Service Area	CHIP				CHIP Perinatal		
	Age <1	Age 1-5	Age 6-14	Age 15-18	Perinate <185%	Perinate 185%+	Newborn 185%+
Bexar-Aetna	\$ 22.21	\$ 14.60	\$ 27.04	\$ 28.09	\$ 13.44	\$ 20.36	\$ 8.52
Bexar-Amerigroup	22.21	13.00	25.38	21.71	13.44	20.36	8.52
Bexar-CFHP	22.21	16.76	33.10	29.15	13.44	20.36	8.52
Bexar-Superior	22.21	18.36	31.97	31.76	13.44	20.36	8.52
Dallas-Amerigroup	22.21	18.80	30.55	31.47	6.81	20.36	8.52
Dallas-Molina	22.21	20.71	25.38	28.02	6.81	20.36	8.52
Dallas-Parkland	22.21	20.27	32.15	33.78	6.81	20.36	8.52
El Paso-El Paso First	22.21	19.27	24.82	23.99	16.29	20.36	8.52
El Paso-Superior	22.21	18.14	26.54	24.75	16.29	20.36	8.52
Harris-Amerigroup	22.21	19.21	28.20	27.54	25.09	20.36	8.52
Harris-CHC	22.21	17.43	22.09	24.63	25.09	20.36	8.52
Harris-Molina	22.21	17.87	25.75	23.56	25.09	20.36	8.52
Harris-TCHP	22.21	20.05	31.01	32.44	25.09	20.36	8.52
Harris-United	22.21	15.75	23.29	29.23	25.09	20.36	8.52
Jefferson-Amerigroup	22.21	21.65	51.57	31.37	13.83	20.36	8.52
Jefferson-CHC	22.21	25.50	28.05	34.24	13.83	20.36	8.52
Jefferson-Molina	22.21	13.67	25.81	25.69	13.83	20.36	8.52
Jefferson-TCHP	22.21	27.71	40.54	31.29	13.83	20.36	8.52
Jefferson-United	22.21	26.01	33.88	33.36	13.83	20.36	8.52
Lubbock-Firstcare	22.21	19.00	32.95	43.59	12.75	20.36	8.52
Lubbock-Superior	22.21	15.20	27.09	26.03	12.75	20.36	8.52
Nueces-Christus	22.21	24.14	32.06	23.98	21.76	20.36	8.52
Nueces-Driscoll	22.21	25.24	37.90	33.78	21.81	20.36	8.52
Nueces-Superior	22.21	24.45	36.82	25.94	21.81	20.36	8.52
Tarrant-Aetna	22.21	14.20	25.92	27.21	27.56	20.36	8.52
Tarrant-Amerigroup	22.21	13.91	28.45	28.07	27.56	20.36	8.52
Tarrant-Cook	22.21	17.43	35.69	34.81	27.56	20.36	8.52
Travis-BCBSTX	22.21	13.10	26.05	26.20	14.32	20.36	8.52
Travis-Sendero	22.21	17.29	19.65	24.95	14.32	20.36	8.52
Travis-Seton	22.21	15.80	25.83	31.68	14.31	20.36	8.52
Travis-Superior	22.21	14.94	25.04	34.15	14.32	20.36	8.52
RSA-Molina	22.21	20.68	31.27	27.69	21.69	20.36	8.52
RSA-Superior	22.21	23.75	37.64	32.57	21.69	20.36	8.52

Attachment 2

Community Experience Analysis

The following exhibits present a summary of the experience analysis performed for each Medicaid and CHIP managed care program and service area. HHSC utilizes a community rating methodology in setting the pharmacy carve-in premium rates. The community rates by risk group vary by service area but are the same for each MCO in a service area.

Below is a brief description of the exhibits contained in this attachment. The exhibits present the derivation of the FY2014 (rating period) pharmacy carve-in community premium rates for the programs listed below. Each exhibit contains the rate derivation for each service area and risk group included in the program.

Exhibit A – STAR Program

Exhibit B – STAR+PLUS Program

Exhibit C – STAR Health Program

Exhibit D – CHIP Program

Exhibit E – CHIP Perinatal Program

The actuarial model used to derive the premium rates relies primarily on managed care pharmacy claims experience. The historical claims experience for each program, service area and risk group was analyzed and estimates for the base period (March 1, 2012 through February 28, 2013) were developed. The top portion of the attached exhibits show summary base period enrollment and claims experience and projected rating period enrollment. The base period per capita claims cost estimates were then projected forward to the rating period using assumed trend rates. Administrative expenses (\$1.80 pmpm), risk margin (2.0%) and premium tax (1.75%) were added to the claims component in order to project the total rating period cost.

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Bexar Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	228,557		778,697		951,278		272,133		14,652	
Estimated Incurred Claims	4,374,374	19.14	17,110,021	21.97	33,461,127	35.17	8,460,410	31.09	278,828	19.03
Projected FY2014 Member Months	248,569		807,175		1,129,087		323,668		16,697	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	4,850,447	19.51	18,082,736	22.40	40,492,477	35.86	10,259,467	31.70	323,962	19.40
Administrative Expenses	447,423	1.80	1,452,915	1.80	2,032,356	1.80	582,603	1.80	30,055	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	5,504,281	22.14	20,296,781	25.15	44,181,644	39.13	11,264,489	34.80	367,809	22.03

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Bexar Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013						
Member Months	115,654		117,667		2,478,638	
Estimated Incurred Claims	11,429,229	98.82	4,356,830	37.03	79,470,818	32.06
Projected FY2014 Member Months	132,479		119,342		2,777,017	
Annual Trend Assumption	6.3 %		0.0 %			
Projected Incurred Claims	14,348,349	108.31	4,418,848	37.03	92,776,287	33.41
Administrative Expenses	238,462	1.80	214,816	1.80	4,998,630	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	15,155,129	114.40	4,814,196	40.34	101,584,329	36.58

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Dallas Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	378,561		1,420,773		1,699,865		426,678		17,068	
Estimated Incurred Claims	9,770,083	25.81	36,253,104	25.52	55,451,392	32.62	14,160,624	33.19	380,738	22.31
Projected FY2014 Member Months	403,900		1,467,960		2,027,680		508,736		19,249	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	10,627,957	26.31	38,189,934	26.02	67,439,054	33.26	17,214,286	33.84	437,786	22.74
Administrative Expenses	727,019	1.80	2,642,328	1.80	3,649,823	1.80	915,724	1.80	34,648	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	11,797,378	29.21	42,423,129	28.90	73,858,574	36.43	18,836,374	37.03	490,840	25.50

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Dallas Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013						
Member Months	121,297		145,850		4,210,091	
Estimated Incurred Claims	8,293,581	68.37	5,316,999	36.46	129,626,521	30.79
Projected FY2014 Member Months	145,014		149,683		4,722,221	
Annual Trend Assumption	6.3 %		0.0 %			
Projected Incurred Claims	10,866,846	74.94	5,456,760	36.46	150,232,622	31.81
Administrative Expenses	261,025	1.80	269,430	1.80	8,499,998	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	11,561,425	79.73	5,949,288	39.75	164,917,008	34.92

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 El Paso Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	112,366		394,879		548,116		192,400		8,329	
Estimated Incurred Claims	3,765,995	33.52	9,983,354	25.28	17,505,287	31.94	6,291,172	32.70	202,789	24.35
Projected FY2014 Member Months	120,574		405,541		642,566		226,409		9,305	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	4,120,141	34.17	10,453,511	25.78	20,923,211	32.56	7,548,038	33.34	231,000	24.82
Administrative Expenses	217,034	1.80	729,974	1.80	1,156,619	1.80	407,536	1.80	16,750	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	4,506,155	37.37	11,619,205	28.65	22,940,082	35.70	8,265,532	36.51	257,402	27.66

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 El Paso Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013						
Member Months	52,735		54,387		1,363,212	
Estimated Incurred Claims	4,129,029	78.30	1,610,396	29.61	43,488,022	31.90
Projected FY2014 Member Months	59,740		56,232		1,520,367	
Annual Trend Assumption	6.3 %		0.0 %			
Projected Incurred Claims	5,126,430	85.81	1,665,010	29.61	50,067,339	32.93
Administrative Expenses	107,531	1.80	101,217	1.80	2,736,661	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	5,437,881	91.03	1,835,041	32.63	54,861,299	36.08

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Jefferson Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	74,499		247,613		289,103		85,188		5,008	
Estimated Incurred Claims	2,830,727	38.00	8,548,203	34.52	13,253,924	45.84	2,951,537	34.65	142,315	28.42
Projected FY2014 Member Months	79,818		254,860		339,562		99,790		5,538	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	3,092,160	38.74	8,970,513	35.20	15,871,749	46.74	3,525,098	35.33	160,451	28.97
Administrative Expenses	143,672	1.80	458,748	1.80	611,212	1.80	179,621	1.80	9,968	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,361,904	42.12	9,796,635	38.44	17,125,153	50.43	3,849,059	38.57	177,059	31.97

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Jefferson Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013						
Member Months	45,758		39,375		786,544	
Estimated Incurred Claims	4,453,143	97.32	1,362,078	34.59	33,541,927	42.64
Projected FY2014 Member Months	50,885		40,592		871,044	
Annual Trend Assumption	6.3 %		0.0 %			
Projected Incurred Claims	5,427,331	106.66	1,404,188	34.59	38,451,490	44.14
Administrative Expenses	91,592	1.80	73,066	1.80	1,567,879	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	5,733,946	112.69	1,534,809	37.81	41,578,566	47.73

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Harris Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	652,384		2,295,576		2,648,710		703,923		28,971	
Estimated Incurred Claims	16,402,699	25.14	56,521,233	24.62	78,260,275	29.55	19,545,595	27.77	574,002	19.81
Projected FY2014 Member Months	698,732		2,356,614		3,127,365		829,471		33,054	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	17,911,711	25.63	59,159,235	25.10	94,210,558	30.12	23,482,218	28.31	667,694	20.20
Administrative Expenses	1,257,718	1.80	4,241,904	1.80	5,629,256	1.80	1,493,048	1.80	59,496	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	19,916,290	28.50	65,871,314	27.95	103,729,678	33.17	25,948,328	31.28	755,522	22.86

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Harris Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013						
Member Months	202,960		258,387		6,790,912	
Estimated Incurred Claims	18,337,306	90.35	9,914,206	38.37	199,555,315	29.39
Projected FY2014 Member Months	238,545		267,643		7,551,423	
Annual Trend Assumption	6.3 %		0.0 %			
Projected Incurred Claims	23,620,741	99.02	10,269,359	38.37	229,321,516	30.37
Administrative Expenses	429,380	1.80	481,757	1.80	13,592,561	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	24,987,139	104.75	11,169,991	41.73	252,378,262	33.42

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Hidalgo Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	310,383		1,176,130		1,603,286		490,374		20,136	
Estimated Incurred Claims	16,253,403	52.37	59,053,188	50.21	70,726,572	44.11	18,513,443	37.75	439,138	21.81
Projected FY2014 Member Months	340,163		1,230,256		1,914,463		586,093		23,784	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	18,161,341	53.39	62,979,284	51.19	86,105,869	44.98	22,560,080	38.49	528,862	22.24
Administrative Expenses	612,294	1.80	2,214,461	1.80	3,446,033	1.80	1,054,968	1.80	42,812	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	19,505,075	57.34	67,733,762	55.06	93,040,937	48.60	24,535,115	41.86	593,947	24.97

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Hidalgo Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013						
Member Months	130,598		128,311		3,859,218	
Estimated Incurred Claims	12,499,504	95.71	4,655,315	36.28	182,140,563	47.20
Projected FY2014 Member Months	150,857		133,866		4,379,484	
Annual Trend Assumption	6.3 %		0.0 %			
Projected Incurred Claims	15,824,220	104.90	4,856,853	36.28	211,016,510	48.18
Administrative Expenses	271,543	1.80	240,959	1.80	7,883,071	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	16,722,871	110.85	5,296,428	39.57	227,428,136	51.93

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Lubbock Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	79,304		253,724		297,200		77,989		5,003	
Estimated Incurred Claims	2,126,445	26.81	5,134,462	20.24	9,451,217	31.80	2,430,080	31.16	157,120	31.41
Projected FY2014 Member Months	86,359		258,547		346,681		91,105		5,461	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	2,360,929	27.34	5,334,417	20.63	11,240,427	32.42	2,894,299	31.77	174,869	32.02
Administrative Expenses	155,446	1.80	465,385	1.80	624,026	1.80	163,988	1.80	9,830	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	2,614,416	30.27	6,025,769	23.31	12,326,705	35.56	3,177,441	34.88	191,895	35.14

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Lubbock Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013						
Member Months	39,063		43,628		795,912	
Estimated Incurred Claims	3,315,851	84.88	1,382,682	31.69	23,997,859	30.15
Projected FY2014 Member Months	43,407		45,127		876,688	
Annual Trend Assumption	6.3 %		0.0 %			
Projected Incurred Claims	4,038,220	93.03	1,430,179	31.69	27,473,340	31.34
Administrative Expenses	78,133	1.80	81,229	1.80	1,578,038	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	4,276,730	98.53	1,570,294	34.80	30,183,250	34.43

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Nueces Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	81,929		269,029		335,971		94,033		4,882	
Estimated Incurred Claims	2,991,185	36.51	9,731,301	36.17	16,251,472	48.37	3,402,537	36.18	95,269	19.51
Projected FY2014 Member Months	88,643		276,340		394,068		110,008		5,327	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	3,299,592	37.22	10,191,293	36.88	19,434,646	49.32	4,058,473	36.89	105,990	19.90
Administrative Expenses	159,557	1.80	497,411	1.80	709,322	1.80	198,014	1.80	9,589	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,593,921	40.54	11,105,147	40.19	20,928,798	53.11	4,422,324	40.20	120,082	22.54

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Nueces Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013						
Member Months	42,748		46,067		874,658	
Estimated Incurred Claims	4,269,487	99.88	1,793,803	38.94	38,535,054	44.06
Projected FY2014 Member Months	48,571		48,879		971,835	
Annual Trend Assumption	6.3 %		0.0 %			
Projected Incurred Claims	5,316,632	109.46	1,903,297	38.94	44,309,923	45.59
Administrative Expenses	87,428	1.80	87,982	1.80	1,749,303	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	5,614,608	115.60	2,068,861	42.33	47,853,741	49.24

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Tarrant Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	263,874		860,727		1,010,702		249,231		11,185	
Estimated Incurred Claims	5,043,116	19.11	16,309,935	18.95	31,171,012	30.84	7,422,319	29.78	206,895	18.50
Projected FY2014 Member Months	281,283		888,775		1,201,233		296,314		12,904	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	5,481,011	19.49	17,170,881	19.32	37,771,930	31.44	8,997,134	30.36	243,360	18.86
Administrative Expenses	506,310	1.80	1,599,795	1.80	2,162,220	1.80	533,365	1.80	23,227	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	6,220,594	22.12	19,502,001	21.94	41,490,026	34.54	9,901,818	33.42	276,974	21.46

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Tarrant Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013						
Member Months	91,099		116,236		2,603,055	
Estimated Incurred Claims	7,953,805	87.31	4,601,228	39.59	72,708,310	27.93
Projected FY2014 Member Months	108,085		119,158		2,907,753	
Annual Trend Assumption	6.3 %		0.0 %			
Projected Incurred Claims	10,342,528	95.69	4,716,882	39.59	84,723,727	29.14
Administrative Expenses	194,553	1.80	214,484	1.80	5,233,955	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	10,947,616	101.29	5,123,497	43.00	93,462,526	32.14

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Travis Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	146,487		514,338		586,702		142,072		9,168	
Estimated Incurred Claims	3,056,742	20.87	9,433,597	18.34	14,562,951	24.82	3,773,196	26.56	150,948	16.47
Projected FY2014 Member Months	156,595		528,632		689,901		166,425		9,737	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	3,331,611	21.28	9,885,435	18.70	17,459,545	25.31	4,506,457	27.08	163,461	16.79
Administrative Expenses	281,872	1.80	951,537	1.80	1,241,822	1.80	299,566	1.80	17,527	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,754,267	23.97	11,259,192	21.30	19,429,992	28.16	4,993,271	30.00	188,039	19.31

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Travis Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013						
Member Months	84,325		60,144		1,543,235	
Estimated Incurred Claims	7,024,618	83.30	2,032,273	33.79	40,034,325	25.94
Projected FY2014 Member Months	92,735		61,644		1,705,670	
Annual Trend Assumption	6.3 %		0.0 %			
Projected Incurred Claims	8,466,670	91.30	2,082,937	33.79	45,896,116	26.91
Administrative Expenses	166,923	1.80	110,959	1.80	3,070,205	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	8,969,967	96.73	2,279,372	36.98	50,874,100	29.83

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 MRSA Central Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	121,889		403,797		467,944		127,003		7,370	
Estimated Incurred Claims	2,490,245	20.43	7,999,763	19.81	16,745,578	35.79	3,865,413	30.44	125,457	17.02
Projected FY2014 Member Months	134,574		432,043		569,213		155,056		8,311	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	2,803,192	20.83	8,726,799	20.20	20,768,001	36.49	4,811,563	31.03	144,239	17.36
Administrative Expenses	242,232	1.80	777,678	1.80	1,024,583	1.80	279,101	1.80	14,959	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,164,077	23.51	9,874,781	22.86	22,641,645	39.78	5,289,002	34.11	165,401	19.90

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 MRSA Central Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>		<u>SSI</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013								
Member Months	70,406		61,427		1,259,836		152,610	
Estimated Incurred Claims	5,840,423	82.95	1,858,673	30.26	38,925,552	30.90	43,825,108	287.17
Projected FY2014 Member Months	80,292		63,837		1,443,325		173,419	
Annual Trend Assumption	6.3 %		0.0 %				4.7 %	
Projected Incurred Claims	7,299,698	90.91	1,931,596	30.26	46,485,088	32.21	53,352,663	307.65
Administrative Expenses	144,525	1.80	114,906	1.80	2,597,984	1.80	312,154	1.80
Risk Margin	2.0 %		2.0 %				2.0 %	
Premium Tax	1.75 %		1.75 %				1.75 %	
Projected Total Cost	7,734,257	96.33	2,126,236	33.31	50,995,399	35.33	55,755,654	321.51

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 MRSA Northeast Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	163,212		546,503		642,022		176,555		8,825	
Estimated Incurred Claims	4,611,649	28.26	15,457,734	28.28	26,149,125	40.73	5,757,356	32.61	207,466	23.51
Projected FY2014 Member Months	180,024		578,362		778,050		213,713		9,883	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	5,186,193	28.81	16,678,882	28.84	32,309,380	41.53	7,105,409	33.25	236,881	23.97
Administrative Expenses	324,043	1.80	1,041,051	1.80	1,400,489	1.80	384,683	1.80	17,789	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	5,724,921	31.80	18,410,321	31.83	35,023,241	45.01	7,781,915	36.41	264,592	26.77

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 MRSA Northeast Area

	TANF Adults		Pregnant Women		Total		SSI	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 3/1/2012 - 2/28/2013								
Member Months	78,168		83,701		1,698,986		239,795	
Estimated Incurred Claims	8,034,371	102.78	2,955,229	35.31	63,172,929	37.18	76,173,276	317.66
Projected FY2014 Member Months	89,233		88,714		1,937,978		270,076	
Annual Trend Assumption	6.3 %		0.0 %				4.7 %	
Projected Incurred Claims	10,051,871	112.65	3,132,203	35.31	74,700,820	38.55	91,911,298	340.32
Administrative Expenses	160,620	1.80	159,684	1.80	3,488,360	1.80	486,137	1.80
Risk Margin	2.0 %		2.0 %				2.0 %	
Premium Tax	1.75 %		1.75 %				1.75 %	
Projected Total Cost	10,610,380	118.91	3,420,143	38.55	81,235,512	41.92	95,997,336	355.45

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 MRSA West Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	163,974		464,985		557,140		149,499		7,779	
Estimated Incurred Claims	4,006,920	24.44	9,434,453	20.29	19,698,292	35.36	4,493,686	30.06	287,010	36.90
Projected FY2014 Member Months	180,704		490,320		670,715		179,180		8,553	
Annual Trend Assumption	1.3 %		1.3 %		1.3 %		1.3 %		1.3 %	
Projected Incurred Claims	4,502,123	24.91	10,143,120	20.69	24,177,783	36.05	5,491,211	30.65	321,756	37.62
Administrative Expenses	325,267	1.80	882,576	1.80	1,207,288	1.80	322,524	1.80	15,396	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	5,015,470	27.76	11,455,269	23.36	26,374,099	39.32	6,040,244	33.71	350,288	40.95

STAR Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 MRSA West Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>		<u>SSI</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013								
Member Months	64,943		89,664		1,497,984		172,932	
Estimated Incurred Claims	6,042,183	93.04	2,529,565	28.21	46,492,110	31.04	52,139,739	301.51
Projected FY2014 Member Months	72,344		95,068		1,696,885		197,082	
Annual Trend Assumption	6.3 %		0.0 %				4.7 %	
Projected Incurred Claims	7,376,739	101.97	2,682,024	28.21	54,694,756	32.23	63,659,277	323.01
Administrative Expenses	130,219	1.80	171,123	1.80	3,054,393	1.80	354,748	1.80
Risk Margin	2.0 %		2.0 %				2.0 %	
Premium Tax	1.75 %		1.75 %				1.75 %	
Projected Total Cost	7,799,437	107.81	2,964,308	31.18	59,999,116	35.36	66,508,078	337.46

STAR+PLUS Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Bexar Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012- 2/28/2013						
Member Months	258,777		15,312		274,089	
Estimated Incurred Claims	93,698,687	362.08	10,454,513	682.79	104,153,200	380.00
Projected FY2014 Member Months	279,121		15,895		295,017	
Annual Trend Assumption	4.7 %		4.7 %			
ESRD/Ventilator Adjustment	1.0011		1.0011			
Projected Incurred Claims	108,392,167	388.33	11,639,888	732.29	120,032,055	406.87
Administrative Expenses	502,418	1.80	28,611	1.80	531,030	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	113,137,232	405.33	12,123,116	762.69	125,260,348	424.59

STAR+PLUS Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Dallas Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012- 2/28/2013						
Member Months	321,199		12,609		333,808	
Estimated Incurred Claims	94,681,864	294.78	8,329,442	660.60	103,011,306	308.59
Projected FY2014 Member Months	347,037		14,010		361,046	
Annual Trend Assumption	4.7 %		4.7 %			
ESRD/Ventilator Adjustment	1.0003		1.0003			
Projected Incurred Claims	109,626,990	315.89	9,918,009	707.93	119,544,999	331.11
Administrative Expenses	624,666	1.80	25,218	1.80	649,883	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	114,547,175	330.07	10,330,625	737.38	124,877,800	345.88

STAR+PLUS Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 El Paso Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012- 2/28/2013						
Member Months	82,403		1,771		84,174	
Estimated Incurred Claims	30,370,202	368.56	1,022,115	577.16	31,392,318	372.95
Projected FY2014 Member Months	88,767		1,945		90,711	
Annual Trend Assumption	4.7 %		4.7 %			
ESRD/Ventilator Adjustment	1.0000		1.0000			
Projected Incurred Claims	35,048,954	394.84	1,202,475	618.32	36,251,428	399.63
Administrative Expenses	159,780	1.80	3,501	1.80	163,281	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	36,580,503	412.10	1,252,961	644.28	37,833,464	417.07

STAR+PLUS Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Jefferson Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012- 2/28/2013						
Member Months	108,773		2,921		111,694	
Estimated Incurred Claims	34,928,387	321.11	1,824,048	624.53	36,752,435	329.05
Projected FY2014 Member Months	117,003		3,274		120,277	
Annual Trend Assumption	4.7 %		4.7 %			
ESRD/Ventilator Adjustment	1.0000		1.0000			
Projected Incurred Claims	40,250,588	344.01	2,190,749	669.07	42,441,337	352.86
Administrative Expenses	210,605	1.80	5,894	1.80	216,499	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	42,037,603	359.29	2,282,226	697.01	44,319,829	368.48

STAR+PLUS Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Harris Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012- 2/28/2013						
Member Months	556,228		25,490		581,718	
Estimated Incurred Claims	195,112,752	350.78	17,969,142	704.95	213,081,894	366.30
Projected FY2014 Member Months	599,304		26,883		626,187	
Annual Trend Assumption	4.7 %		4.7 %			
ESRD/Ventilator Adjustment	1.0004		1.0004			
Projected Incurred Claims	225,306,382	375.95	20,311,137	755.53	245,617,519	392.24
Administrative Expenses	1,078,747	1.80	48,390	1.80	1,127,136	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	235,205,329	392.46	21,152,755	786.84	256,358,083	409.40

STAR+PLUS Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Hidalgo Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012- 2/28/2013						
Member Months	269,899		11,922		281,821	
Estimated Incurred Claims	78,143,178	289.53	6,949,602	582.92	85,092,780	301.94
Projected FY2014 Member Months	285,888		13,412		299,300	
Annual Trend Assumption	4.7 %		4.7 %			
ESRD/Ventilator Adjustment	1.0000		1.0000			
Projected Incurred Claims	88,675,914	310.18	8,375,784	624.50	97,051,698	324.26
Administrative Expenses	514,598	1.80	24,142	1.80	538,740	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	92,665,467	324.13	8,727,195	650.70	101,392,663	338.77

STAR+PLUS Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Lubbock Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012- 2/28/2013						
Member Months	60,067		1,698		61,765	
Estimated Incurred Claims	20,154,655	335.54	844,132	497.02	20,998,786	339.98
Projected FY2014 Member Months	65,594		2,006		67,600	
Annual Trend Assumption	4.7 %		4.7 %			
ESRD/Ventilator Adjustment	1.0001		1.0001			
Projected Incurred Claims	23,581,487	359.50	1,068,142	532.52	24,649,629	364.64
Administrative Expenses	118,070	1.80	3,610	1.80	121,681	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	24,622,916	375.38	1,113,510	555.14	25,736,426	380.71

STAR+PLUS Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Nueces Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012- 2/28/2013						
Member Months	98,466		7,830		106,296	
Estimated Incurred Claims	33,633,169	341.57	4,794,858	612.37	38,428,028	361.52
Projected FY2014 Member Months	106,735		8,182		114,917	
Annual Trend Assumption	4.7 %		4.7 %			
ESRD/Ventilator Adjustment	1.0003		1.0003			
Projected Incurred Claims	39,069,321	366.04	5,369,493	656.24	44,438,814	386.70
Administrative Expenses	192,122	1.80	14,728	1.80	206,850	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	40,791,110	382.17	5,593,996	683.68	46,385,106	403.64

STAR+PLUS Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Tarrant Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012- 2/28/2013						
Member Months	185,810		6,607		192,418	
Estimated Incurred Claims	67,709,630	364.40	4,846,575	733.50	72,556,205	377.08
Projected FY2014 Member Months	201,634		7,149		208,783	
Annual Trend Assumption	4.7 %		4.7 %			
ESRD/Ventilator Adjustment	1.0000		1.0000			
Projected Incurred Claims	78,716,391	390.39	5,617,596	785.81	84,333,987	403.93
Administrative Expenses	362,941	1.80	12,868	1.80	375,809	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	82,160,345	407.47	5,849,832	818.30	88,010,178	421.54

STAR+PLUS Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Travis Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012- 2/28/2013						
Member Months	112,412		4,399		116,811	
Estimated Incurred Claims	40,039,824	356.19	3,444,328	782.90	43,484,152	372.26
Projected FY2014 Member Months	118,371		4,584		122,955	
Annual Trend Assumption	4.7 %		4.7 %			
ESRD/Ventilator Adjustment	1.0000		1.0000			
Projected Incurred Claims	45,169,677	381.59	3,844,794	838.74	49,014,470	398.64
Administrative Expenses	213,068	1.80	8,251	1.80	221,319	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	47,150,904	398.33	4,003,164	873.29	51,154,067	416.04

STAR Health Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Statewide

	<u>STAR Health</u>	
	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 3/1/2012 - 2/28/2013		
Member Months	367,297	
Estimated Incurred Claims	58,967,251	160.54
Projected FY2014 Member Months	363,125	
Annual Trend Assumption	2.4 %	
Projected Incurred Claims	60,408,740	166.36
Administrative Expenses	653,625	1.80
Risk Margin	2.0 %	
Premium Tax	1.75 %	
Projected Total Cost	63,441,419	174.71

CHIP Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Bexar Area

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	955		90,437		350,802		133,907		576,101	
Estimated Incurred Claims	6,096	6.38	1,225,398	13.55	9,475,149	27.01	3,306,269	24.69	14,012,912	24.32
Projected FY2014 Member Months	888		91,584		355,248		132,792		580,512	
Annual Trend Assumption	4.3 %		4.3 %		4.3 %		4.3 %			
Projected Incurred Claims	6,038	6.80	1,321,834	14.43	10,220,734	28.77	3,492,475	26.30	15,041,081	25.91
Administrative Expenses	1,598	1.80	164,851	1.80	639,446	1.80	239,026	1.80	1,044,922	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	7,934	15.27	1,544,608	16.87	11,283,304	31.76	3,876,883	29.20	16,712,730	28.79

CHIP Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Dallas Area

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	1,992		173,083		646,245		217,035		1,038,355	
Estimated Incurred Claims	14,363	7.21	2,766,977	15.99	16,894,874	26.14	5,917,085	27.26	25,593,299	24.65
Projected FY2014 Member Months	1,908		172,620		664,236		219,324		1,058,088	
Annual Trend Assumption	4.3 %		4.3 %		4.3 %		4.3 %			
Projected Incurred Claims	14,654	7.68	2,939,468	17.03	18,497,227	27.85	6,369,285	29.04	27,820,634	26.29
Administrative Expenses	3,434	1.80	310,716	1.80	1,195,625	1.80	394,783	1.80	1,904,558	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	18,793	15.27	3,376,814	19.56	20,460,106	30.80	7,027,603	32.04	30,883,317	29.19

CHIP Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 El Paso Area

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	409		39,246		172,841		76,661		289,157	
Estimated Incurred Claims	6,301	15.41	599,932	15.29	3,691,772	21.36	1,551,109	20.23	5,849,114	20.23
Projected FY2014 Member Months	360		39,828		174,864		75,480		290,532	
Annual Trend Assumption	4.3 %		4.3 %		4.3 %		4.3 %			
Projected Incurred Claims	5,908	16.41	648,517	16.28	3,978,460	22.75	1,626,770	21.55	6,259,655	21.55
Administrative Expenses	648	1.80	71,690	1.80	314,755	1.80	135,864	1.80	522,958	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	6,811	15.27	748,267	18.79	4,460,483	25.51	1,831,308	24.26	7,046,870	24.26

CHIP Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Jefferson Area

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	297		27,986		93,122		34,717		156,122	
Estimated Incurred Claims	5,370	18.08	606,509	21.67	2,865,456	30.77	948,537	27.32	4,425,872	28.35
Projected FY2014 Member Months	240		28,152		95,508		35,112		159,012	
Annual Trend Assumption	4.3 %		4.3 %		4.3 %		4.3 %			
Projected Incurred Claims	4,622	19.26	649,878	23.08	3,130,457	32.78	1,021,866	29.10	4,806,824	30.23
Administrative Expenses	432	1.80	50,674	1.80	171,914	1.80	63,202	1.80	286,222	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	5,251	15.27	727,846	25.85	3,431,035	35.92	1,127,343	32.11	5,291,476	33.28

CHIP Rate Setting
 FY2014 Pharmacy Capitation Rate Summary
 Harris Area

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 3/1/2012 - 2/28/2013										
Member Months	3,748		314,588		1,101,124		385,926		1,805,386	
Estimated Incurred Claims	36,474	9.73	4,847,200	15.41	25,881,884	23.50	9,665,120	25.04	40,430,678	22.39
Projected FY2014 Member Months	3,240		320,208		1,133,136		392,280		1,848,864	
Annual Trend Assumption	4.3 %		4.3 %		4.3 %		4.3 %			
Projected Incurred Claims	33,586	10.37	5,255,420	16.41	28,370,577	25.04	10,464,678	26.68	44,124,260	23.87
Administrative Expenses	5,832	1.80	576,374	1.80	2,039,645	1.80	706,104	1.80	3,327,955	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	40,953	15.27	6,059,007	18.92	31,595,035	27.88	11,606,007	29.59	49,301,003	26.67