

# Rudd and Wisdom, Inc.

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January 7, 2014

Ms. Rachel Butler  
Chief Actuary  
Health and Human Services Commission  
1100 W. 49th Street  
Austin, Texas 78756

Re: STAR Rate Amendment UMCC V2.10

Dear Ms. Butler:

This letter amends the report titled State of Texas Medicaid Managed Care STAR Program Rate Setting State Fiscal Year 2014 and dated July 11, 2013. The amended FY2014 capitation rates were developed using identical methods and assumptions as the rates described in that report. The amended rates are assumed to be payable for the period April 1, 2014 through August 31, 2014. The reasons for these revisions are included below:

### **1. Potentially Preventable Readmission (PPR) Reductions**

Effective March 1, 2014 the hospital reimbursement reductions associated with PPRs will be updated. The reimbursement reductions will continue to vary from 1-2% but the hospitals to which they will be applied will change. Attachment 5 Exhibit N (revised) presents the revised impact associated with the initial PPR reductions effective during the period September 1, 2013 through February 28, 2014 followed by the revised reductions effective March 1, 2014 through August 31, 2014.

### **2. Potentially Preventable Complication (PPC) Reductions**

Effective March 1, 2014 HHSC will revise hospital reimbursement to account for PPCs. The reimbursement reductions amount to 2.0-2.5% depending on hospital performance during the evaluation period. Attachment 5 Exhibit P presents the revised provider reimbursement factors used in developing the amended capitation rates.

### 3. Prescription Drug

HHSC will implement several cost containment initiatives in the STAR prescription drug program over the next few months. Clients taking drugs in certain drug classes are currently allowed to continue taking a medication when it moves from preferred status to non-preferred status. This is known as grandfathering. HHSC will eliminate grandfathering for the antidepressant and growth hormone categories effective January 1, 2014 and the antipsychotic, and insulin categories effective May 1, 2014. The elimination of grandfathering results in a more rapid shift to less costly preferred drugs.

Effective January 15, 2014, HHSC will include several new drug classes in the Preferred Drug List (PDL). These new drug categories include antibiotic (inhaled), antihypertensive, glucocorticoid, immunosuppressive, growth hormone and hypoglycemic.

Attachment 6-RX presents the derivation of the adjustment factors for the elimination of grandfathering and the addition of the new drug classes. This attachment amends the report titled State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2014 and dated July 11, 2013.

Due to timing issues HHSC will not be able to implement this rate change until April 1, 2014. The capitation rates payable for the five-month period April 1, 2014 through August 31, 2014 have been adjusted to recognize that the current capitation rates will be payable during the period September 1, 2013 through March 31, 2014, i.e., the rates have been adjusted in order to produce the amended capitation amounts for the September 1, 2013 through August 31, 2014 period.

The attached Exhibit A presents the amended FY2014 capitation rates payable for the period April 1, 2014 through August 31, 2014. The exhibit presents the total capitation rate along with the two components of the rate – medical and prescription drug.

Sincerely,

A handwritten signature in black ink that reads "Evan Dial". The signature is written in a cursive, flowing style.

Evan Dial

Enclosure

Actuarial Certification of Amended FY2014 STAR HMO Capitation Rates

I, Evan L. Dial, 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 state fiscal year 2014 (FY2014) managed care rate-setting methodology, assumptions and resulting capitation rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c).

I certify that the amended FY2014 STAR HMO 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.



Evan L. Dial, F.S.A., M.A.A.A.

FY2014 STAR Rating Summary - Amended  
Adjusted Per Member Per Month Rates - Effective April 1, 2014

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Ages 19-20	TANF Adults	Pregnant Women	SSI	DSP
Medical Premium Rates pmpm (Community Rate with Risk Adjustment)									
Aetna - Bexar	632.72	147.60	83.39	107.47	179.27	348.03	477.16		3,266.59
Amerigroup - Bexar	530.94	133.15	87.75	103.26	197.70	317.63	421.76		3,266.59
CFHP - Bexar	588.26	147.39	95.66	127.30	227.17	368.73	467.65		3,266.59
Superior - Bexar	694.79	161.11	95.60	122.19	235.19	397.51	497.50		3,266.59
Amerigroup - Dallas	474.00	151.28	94.40	109.18	175.63	266.71	386.40		3,537.13
Molina - Dallas	453.24	148.00	82.85	100.05	166.59	252.67	352.50		3,537.13
Parkland - Dallas	525.96	168.20	99.65	116.75	195.15	269.59	395.97		3,537.13
El Paso First - El Paso	449.86	122.60	75.58	93.25	136.18	228.37	286.13		3,443.04
Molina - El Paso	340.40	134.47	65.88	75.95	330.59	213.57	244.24		3,443.04
Superior - El Paso	492.26	116.61	82.36	97.69	145.63	244.26	288.19		3,443.04
Amerigroup - Harris	667.87	144.13	87.13	118.13	239.24	409.32	433.63		3,519.20
CHC - Harris	572.93	140.93	81.72	109.34	220.09	350.32	430.03		3,519.20
Molina - Harris	615.90	163.72	92.10	122.53	252.76	369.77	410.87		3,519.20
TCHP - Harris	535.72	140.35	98.13	129.11	217.83	322.79	421.45		3,519.20
United - Harris	645.67	157.14	87.82	145.84	300.27	421.18	426.51		3,519.20
Driscoll - Hidalgo	349.38	170.85	102.96	97.79	196.54	199.42	328.97		3,409.95
Molina - Hidalgo	366.48	209.36	121.76	113.21	234.43	250.53	307.75		3,409.95
Superior - Hidalgo	418.48	219.44	122.48	114.70	211.36	248.57	320.10		3,409.95
United - Hidalgo	467.45	221.88	121.75	110.60	211.29	283.17	319.61		3,409.95
Amerigroup - Jefferson	797.45	142.34	74.47	110.80	254.89	361.46	412.99		3,394.58
CHC - Jefferson	574.59	115.40	78.25	108.40	259.44	279.30	401.14		3,394.58
Molina - Jefferson	628.45	137.23	75.64	99.05	389.43	324.20	401.15		3,394.58
TCHP - Jefferson	588.15	130.37	90.95	122.24	235.01	267.16	393.14		3,394.58
United - Jefferson	569.40	114.91	80.87	113.03	381.49	337.76	428.31		3,394.58
Amerigroup - Lubbock	465.52	102.01	85.54	80.97	220.79	237.70	309.30		3,230.39
Firstcare - Lubbock	537.08	116.19	71.18	112.37	254.19	272.76	358.76		3,230.39
Superior - Lubbock	516.32	125.25	77.14	103.62	211.10	237.56	370.14		3,230.39
Christus - Nueces	642.36	167.39	110.52	148.33	205.64	275.73	416.36		3,203.82
Driscoll - Nueces	632.33	185.14	123.33	166.34	205.89	266.67	442.57		3,203.82
Superior - Nueces	586.27	190.13	111.45	158.46	248.22	355.25	467.03		3,203.82
Aetna - Tarrant	538.86	161.68	81.44	117.25	230.58	323.78	333.26		3,635.64
Amerigroup - Tarrant	496.02	145.13	92.65	114.85	206.06	334.82	328.98		3,635.64
Cook - Tarrant	491.22	174.97	120.14	133.01	200.49	259.89	339.03		3,635.64
BCBS - Travis	488.51	140.31	87.56	105.52	168.47	276.77	489.28		3,247.49
Sendero - Travis	512.59	162.53	85.31	99.81	196.93	268.62	490.62		3,247.49
Seton - Travis	521.10	142.14	88.17	107.82	148.59	269.25	485.18		3,247.49
Superior - Travis	573.55	156.85	91.07	113.66	171.16	303.60	520.30		3,247.49
Amerigroup - MRSA Central	461.95	122.01	76.31	103.73	168.61	198.68	321.19	533.20	3,035.27
Scott & White - MRSA Central	465.85	122.30	76.03	111.60	149.81	210.75	319.51	559.49	3,035.27
Superior - MRSA Central	494.58	121.20	79.04	112.44	165.17	247.99	346.37	632.49	3,035.27
Amerigroup - MRSA Northeast	478.24	124.87	75.66	100.20	203.97	272.25	392.75	575.48	3,160.40
Superior - MRSA Northeast	500.82	112.36	78.45	98.20	196.61	279.35	387.52	595.87	3,160.40
Amerigroup - MRSA West	522.24	103.71	70.23	97.18	188.67	236.78	381.80	533.01	3,204.07
Firstcare - MRSA West	510.51	105.59	76.01	94.37	197.19	285.95	381.29	550.90	3,204.07
Superior - MRSA West	538.43	118.29	84.38	108.08	216.94	283.07	392.57	605.73	3,204.07

FY2014 STAR Rating Summary - Amended  
Adjusted Per Member Per Month Rates - Effective April 1, 2014

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Ages 19-20	TANF Adults	Pregnant Women	SSI	DSP
Prescription Drug Premium Rates pmpm (Community Rate with Risk Adjustment)									
Aetna - Bexar	21.75	24.00	34.40	30.67	17.89	106.15	40.09		
Amerigroup - Bexar	18.25	21.64	36.21	29.48	19.73	96.86	35.45		
CFHP - Bexar	20.23	23.97	39.47	36.35	22.66	112.45	39.31		
Superior - Bexar	23.88	26.20	39.44	34.88	23.46	121.21	41.81		
Amerigroup - Dallas	27.52	27.16	35.47	35.99	24.33	78.61	39.38		
Molina - Dallas	26.33	26.57	31.14	32.97	23.08	74.47	35.93		
Parkland - Dallas	30.54	30.18	37.44	38.47	27.01	79.46	40.36		
El Paso First - El Paso	36.25	29.10	34.06	35.85	22.92	88.00	32.71		
Molina - El Paso	27.43	31.92	29.68	29.19	55.60	82.30	27.92		
Superior - El Paso	39.67	27.68	37.10	37.56	24.49	94.11	32.96		
Amerigroup - Harris	32.21	28.11	31.59	30.09	23.53	114.22	42.05		
CHC - Harris	27.62	27.48	29.62	27.85	21.64	97.75	41.70		
Molina - Harris	29.71	31.93	33.38	31.19	24.85	103.19	39.86		
TCHP - Harris	25.83	27.37	35.58	32.88	21.42	90.07	40.89		
United - Harris	31.13	30.63	31.82	37.14	29.52	117.52	41.38		
Driscoll - Hidalgo	49.10	44.93	41.90	36.85	22.84	86.57	40.73		
Molina - Hidalgo	49.81	55.19	49.98	42.99	28.02	108.64	37.65		
Superior - Hidalgo	58.82	57.71	49.84	43.21	24.57	107.91	39.63		
United - Hidalgo	65.72	58.35	49.53	41.67	24.56	122.93	39.57		
Amerigroup - Jefferson	54.92	43.47	45.28	37.53	28.08	132.28	38.28		
CHC - Jefferson	39.56	35.23	47.61	36.71	28.56	102.22	37.18		
Molina - Jefferson	43.27	41.90	46.00	33.54	42.88	118.63	37.18		
TCHP - Jefferson	40.50	39.83	55.32	41.40	25.88	97.78	36.43		
United - Jefferson	39.20	35.09	49.19	38.26	42.00	123.62	39.69		
Amerigroup - Lubbock	26.98	19.98	40.54	26.50	33.03	90.97	30.27		
Firstcare - Lubbock	31.13	22.77	33.73	36.77	38.04	104.41	35.10		
Superior - Lubbock	29.92	24.53	36.54	33.90	31.61	90.92	36.21		
Christus - Nueces	41.30	36.40	49.36	35.58	19.01	101.67	37.68		
Driscoll - Nueces	40.65	40.22	55.04	41.31	21.45	98.75	41.61		
Superior - Nueces	37.68	41.30	49.72	39.36	25.87	131.53	43.91		
Aetna - Tarrant	23.16	22.04	27.79	32.15	23.44	101.27	42.81		
Amerigroup - Tarrant	21.31	19.80	31.61	31.51	20.94	104.72	42.27		
Cook - Tarrant	21.12	23.86	41.00	36.48	20.40	81.28	43.55		
BCBS - Travis	21.33	19.29	27.27	28.54	19.05	91.33	35.46		
Sendero - Travis	22.38	22.35	26.56	26.99	22.25	88.62	35.56		
Seton - Travis	22.73	19.56	27.49	27.86	14.76	87.96	34.13		
Superior - Travis	25.03	21.56	28.36	30.73	19.35	100.16	37.71		
Amerigroup - MRSA Central	22.48	22.72	38.89	31.90	20.65	84.43	31.92	288.89	
Scott & White - MRSA Central	22.67	22.75	38.75	34.33	18.35	89.56	31.75	303.14	
Superior - MRSA Central	24.06	22.57	40.29	34.59	20.22	105.37	34.42	342.68	
Amerigroup - MRSA Northeast	30.60	33.39	43.80	36.53	27.17	114.34	38.56	342.72	
Superior - MRSA Northeast	32.03	30.03	45.41	35.78	26.19	117.31	38.07	354.89	
Amerigroup - MRSA West	27.53	21.85	35.30	32.64	38.34	92.06	30.75	313.77	
Firstcare - MRSA West	26.93	22.25	38.21	31.71	40.08	111.18	30.69	324.31	
Superior - MRSA West	28.37	24.92	42.40	36.31	44.09	110.05	31.62	356.57	

FY2014 STAR Rating Summary - Amended  
Adjusted Per Member Per Month Rates - Effective April 1, 2014

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Ages 19-20	TANF Adults	Pregnant Women	SSI	DSP
Total Premium Rates pmpm									
Aetna - Bexar	654.47	171.60	117.79	138.14	197.16	454.18	517.25		3,266.59
Amerigroup - Bexar	549.19	154.79	123.96	132.74	217.43	414.49	457.21		3,266.59
CFHP - Bexar	608.49	171.36	135.13	163.65	249.83	481.18	506.96		3,266.59
Superior - Bexar	718.67	187.31	135.04	157.07	258.65	518.72	539.31		3,266.59
Amerigroup - Dallas	501.52	178.44	129.87	145.17	199.96	345.32	425.78		3,537.13
Molina - Dallas	479.57	174.57	113.99	133.02	189.67	327.14	388.43		3,537.13
Parkland - Dallas	556.50	198.38	137.09	155.22	222.16	349.05	436.33		3,537.13
El Paso First - El Paso	486.11	151.70	109.64	129.10	159.10	316.37	318.84		3,443.04
Molina - El Paso	367.83	166.39	95.56	105.14	386.19	295.87	272.16		3,443.04
Superior - El Paso	531.93	144.29	119.46	135.25	170.12	338.37	321.15		3,443.04
Amerigroup - Harris	700.08	172.24	118.72	148.22	262.77	523.54	475.68		3,519.20
CHC - Harris	600.55	168.41	111.34	137.19	241.73	448.07	471.73		3,519.20
Molina - Harris	645.61	195.65	125.48	153.72	277.61	472.96	450.73		3,519.20
TCHP - Harris	561.55	167.72	133.71	161.99	239.25	412.86	462.34		3,519.20
United - Harris	676.80	187.77	119.64	182.98	329.79	538.70	467.89		3,519.20
Driscoll - Hidalgo	398.48	215.78	144.86	134.64	219.38	285.99	369.70		3,409.95
Molina - Hidalgo	416.29	264.55	171.74	156.20	262.45	359.17	345.40		3,409.95
Superior - Hidalgo	477.30	277.15	172.32	157.91	235.93	356.48	359.73		3,409.95
United - Hidalgo	533.17	280.23	171.28	152.27	235.85	406.10	359.18		3,409.95
Amerigroup - Jefferson	852.37	185.81	119.75	148.33	282.97	493.74	451.27		3,394.58
CHC - Jefferson	614.15	150.63	125.86	145.11	288.00	381.52	438.32		3,394.58
Molina - Jefferson	671.72	179.13	121.64	132.59	432.31	442.83	438.33		3,394.58
TCHP - Jefferson	628.65	170.20	146.27	163.64	260.89	364.94	429.57		3,394.58
United - Jefferson	608.60	150.00	130.06	151.29	423.49	461.38	468.00		3,394.58
Amerigroup - Lubbock	492.50	121.99	126.08	107.47	253.82	328.67	339.57		3,230.39
Firstcare - Lubbock	568.21	138.96	104.91	149.14	292.23	377.17	393.86		3,230.39
Superior - Lubbock	546.24	149.78	113.68	137.52	242.71	328.48	406.35		3,230.39
Christus - Nueces	683.66	203.79	159.88	183.91	224.65	377.40	454.04		3,203.82
Driscoll - Nueces	672.98	225.36	178.37	207.65	227.34	365.42	484.18		3,203.82
Superior - Nueces	623.95	231.43	161.17	197.82	274.09	486.78	510.94		3,203.82
Aetna - Tarrant	562.02	183.72	109.23	149.40	254.02	425.05	376.07		3,635.64
Amerigroup - Tarrant	517.33	164.93	124.26	146.36	227.00	439.54	371.25		3,635.64
Cook - Tarrant	512.34	198.83	161.14	169.49	220.89	341.17	382.58		3,635.64
BCBS - Travis	509.84	159.60	114.83	134.06	187.52	368.10	524.74		3,247.49
Sendero - Travis	534.97	184.88	111.87	126.80	219.18	357.24	526.18		3,247.49
Seton - Travis	543.83	161.70	115.66	135.68	163.35	357.21	519.31		3,247.49
Superior - Travis	598.58	178.41	119.43	144.39	190.51	403.76	558.01		3,247.49
Amerigroup - MRSA Central	484.43	144.73	115.20	135.63	189.26	283.11	353.11	822.09	3,035.27
Scott & White - MRSA Central	488.52	145.05	114.78	145.93	168.16	300.31	351.26	862.63	3,035.27
Superior - MRSA Central	518.64	143.77	119.33	147.03	185.39	353.36	380.79	975.17	3,035.27
Amerigroup - MRSA Northeast	508.84	158.26	119.46	136.73	231.14	386.59	431.31	918.20	3,160.40
Superior - MRSA Northeast	532.85	142.39	123.86	133.98	222.80	396.66	425.59	950.76	3,160.40
Amerigroup - MRSA West	549.77	125.56	105.53	129.82	227.01	328.84	412.55	846.78	3,204.07
Firstcare - MRSA West	537.44	127.84	114.22	126.08	237.27	397.13	411.98	875.21	3,204.07
Superior - MRSA West	566.80	143.21	126.78	144.39	261.03	393.12	424.19	962.30	3,204.07

FY2014 STAR Rating  
 Provider Reimbursement Adjustments  
 Potentially Preventable Readmission (PPR) Reimbursement Reductions

	Age <1	Age 1-5	Age 6-14	Age 15-18	Age 19-20	TANF Adult	Pregnant Women	SSI	Other	Total
Estimated Cost Impact of PPR Reductions (1)										
Bexar	-90,063	-12,454	-24,772	-13,630	-1,021	-14,408	-48,021	0	-2,259	-206,627
Dallas	-115,960	-1,477	-1,120	-5,102	-1,768	-27,611	-127,613	0	-3,044	-283,694
El Paso	-77,077	-12,168	-8,444	-8,166	-1,644	-14,001	-60,299	0	-3,655	-185,453
Harris	-881,338	-57,476	-47,291	-46,682	-4,476	-94,979	-368,066	0	-33,709	-1,534,019
Hidalgo	-23,567	-6,389	-4,955	-2,712	-77	-3,218	-5,185	0	-592	-46,696
Jefferson	-92,516	-5,100	-6,046	-7,037	-601	-10,421	-31,798	0	-5,017	-158,536
Lubbock	-40,748	-4,483	-3,822	-3,283	-992	-9,138	-30,024	0	-781	-93,271
Nueces	-68,229	-20,114	-15,096	-5,227	-122	-1,741	-6,277	0	-941	-117,746
Tarrant	-137,453	-1,001	-15,798	-11,988	-2,647	-30,769	-156,308	0	-5,941	-361,903
Travis	-198,326	-30,442	-24,744	-15,629	-2,459	-37,069	-121,294	0	-10,247	-440,209
Central	-21,418	-2,234	-2,589	-2,313	-158	-3,355	-16,677	-22,024	-5,568	-76,336
Northeast	-30,116	-3,380	-3,325	-2,291	-748	-6,587	-30,009	-43,993	-449	-120,898
West	-28,892	-5,498	-4,100	-3,217	-713	-5,669	-28,336	-41,118	-1,686	-119,229
Total	-1,805,702	-162,215	-162,101	-127,278	-17,426	-258,967	-1,029,905	-107,134	-73,888	-3,744,617
FY2012 Total Incurred Claims (2)										
Bexar	108,212,498	85,409,238	58,575,712	24,666,732	2,333,871	36,228,582	76,042,726	0	3,574,218	395,043,576
Dallas	159,325,114	162,422,062	109,641,645	37,552,706	2,317,453	29,649,318	99,986,070	0	5,952,404	606,846,773
El Paso	41,227,073	32,912,767	26,785,815	13,298,374	954,968	12,083,944	30,844,877	0	927,950	159,035,769
Harris	303,876,726	226,272,630	157,554,967	65,636,975	4,030,331	65,542,213	180,874,434	0	13,450,741	1,017,239,017
Hidalgo	52,744,624	91,870,195	66,635,140	19,740,852	1,136,388	15,709,856	37,519,519	0	1,021,437	286,378,011
Jefferson	36,302,052	20,057,821	15,429,408	7,225,069	794,598	12,051,386	23,860,959	0	1,265,083	116,986,375
Lubbock	34,519,864	20,747,114	13,873,004	6,264,668	854,916	9,646,292	24,917,667	0	729,727	111,553,252
Nueces	41,287,697	33,601,195	23,504,818	10,676,447	848,486	11,949,538	28,130,508	0	536,965	150,535,656
Tarrant	111,634,604	98,242,833	69,780,418	23,340,256	1,658,276	24,074,354	72,477,382	0	5,867,340	407,075,462
Travis	68,186,529	57,729,522	34,220,185	11,888,523	1,535,542	23,826,257	40,994,843	0	2,774,364	241,155,766
Central	20,428,172	16,086,321	10,588,194	4,784,085	471,951	7,051,287	15,547,031	30,364,569	938,284	106,259,893
Northeast	33,013,974	23,098,765	15,266,826	6,448,601	810,323	10,449,465	25,174,236	55,443,012	753,161	170,458,364
West	34,778,787	17,624,617	14,081,905	5,468,505	631,226	8,287,840	26,335,897	36,874,203	846,819	144,929,799
Total	1,045,537,712	886,075,080	615,938,038	236,991,794	18,378,329	266,550,332	682,706,151	122,681,784	38,638,493	3,913,497,712

FY2014 STAR Rating  
 Provider Reimbursement Adjustments  
 Potentially Preventable Readmission (PPR) Reimbursement Reductions

	Age <1	Age 1-5	Age 6-14	Age 15-18	Age 19-20	TANF Adult	Pregnant Women	SSI	Other	Total
Rate Adjustment (3)										
Bexar	-0.08 %	-0.01 %	-0.04 %	-0.06 %	-0.04 %	-0.04 %	-0.06 %		-0.06 %	-0.05 %
Dallas	-0.07 %	0.00 %	0.00 %	-0.01 %	-0.08 %	-0.09 %	-0.13 %		-0.05 %	-0.05 %
El Paso	-0.19 %	-0.04 %	-0.03 %	-0.06 %	-0.17 %	-0.12 %	-0.20 %		-0.39 %	-0.12 %
Harris	-0.29 %	-0.03 %	-0.03 %	-0.07 %	-0.11 %	-0.14 %	-0.20 %		-0.25 %	-0.15 %
Hidalgo	-0.04 %	-0.01 %	-0.01 %	-0.01 %	-0.01 %	-0.02 %	-0.01 %		-0.06 %	-0.02 %
Jefferson	-0.25 %	-0.03 %	-0.04 %	-0.10 %	-0.08 %	-0.09 %	-0.13 %		-0.40 %	-0.14 %
Lubbock	-0.12 %	-0.02 %	-0.03 %	-0.05 %	-0.12 %	-0.09 %	-0.12 %		-0.11 %	-0.08 %
Nueces	-0.17 %	-0.06 %	-0.06 %	-0.05 %	-0.01 %	-0.01 %	-0.02 %		-0.18 %	-0.08 %
Tarrant	-0.12 %	0.00 %	-0.02 %	-0.05 %	-0.16 %	-0.13 %	-0.22 %		-0.10 %	-0.09 %
Travis	-0.29 %	-0.05 %	-0.07 %	-0.13 %	-0.16 %	-0.16 %	-0.30 %		-0.37 %	-0.18 %
Central	-0.10 %	-0.01 %	-0.02 %	-0.05 %	-0.03 %	-0.05 %	-0.11 %	-0.07 %	-0.59 %	-0.07 %
Northeast	-0.09 %	-0.01 %	-0.02 %	-0.04 %	-0.09 %	-0.06 %	-0.12 %	-0.08 %	-0.06 %	-0.07 %
West	-0.08 %	-0.03 %	-0.03 %	-0.06 %	-0.11 %	-0.07 %	-0.11 %	-0.11 %	-0.20 %	-0.08 %
Total	-0.17 %	-0.02 %	-0.03 %	-0.05 %	-0.09 %	-0.10 %	-0.15 %	-0.09 %	-0.19 %	-0.10 %

## Footnotes:

- (1) Equals the cost impact from application of the PPR reimbursement reductions.
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.



FY2014 STAR Rating  
 Provider Reimbursement Adjustments  
 Potentially Preventable Complications (PPC) Reimbursement Reductions

	Age <1	Age 1-5	Age 6-14	Age 15-18	Age 19-20	TANF Adult	Pregnant Women	SSI	Other	Total
Estimated Cost Impact of PPC Reductions (1)										
Bexar	-40,918	-12,491	-12,030	-7,291	-1,112	-11,535	-24,952	0	-3,007	-113,335
Dallas	-412,589	-20,562	-7,819	-18,552	-5,362	-65,600	-337,365	0	-5,825	-873,674
El Paso	-10,023	-4,384	-2,269	-3,499	-939	-4,955	-11,294	0	-354	-37,716
Harris	-189,082	-6,459	-6,674	-16,936	-3,438	-57,978	-188,795	0	-2,734	-472,096
Hidalgo	-8,108	-3,819	-399	-379	-110	-1,117	-1,445	0	-157	-15,535
Jefferson	-5,392	-621	-137	-1,480	-49	-1,606	-4,615	0	-42	-13,940
Lubbock	-92,915	-12,439	-7,145	-7,094	-2,010	-18,711	-70,031	0	-2,487	-212,832
Nueces	-9,704	-1,302	-748	-816	-17	-1,832	-7,010	0	-147	-21,575
Tarrant	-130,434	-3,389	-4,530	-10,893	-2,321	-32,034	-162,819	0	-3,934	-350,356
Travis	-55,530	-253	-850	-7,562	-2,309	-32,856	-74,536	0	-1,107	-175,004
Central	-38,417	-3,989	-2,488	-4,119	-1,276	-10,716	-45,606	-52,794	-2,367	-161,773
Northeast	-39,266	-3,239	-3,479	-2,234	-257	-5,049	-17,759	-61,731	-249	-133,263
West	-29,261	-4,915	-4,444	-2,055	-992	-3,523	-21,214	-30,649	-2,136	-99,188
Total	-1,061,639	-77,860	-53,012	-82,911	-20,193	-247,512	-967,440	-145,174	-24,545	-2,680,287
FY2012 Total Incurred Claims (2)										
Bexar	108,212,498	85,409,238	58,575,712	24,666,732	2,333,871	36,228,582	76,042,726	0	3,574,218	395,043,576
Dallas	159,325,114	162,422,062	109,641,645	37,552,706	2,317,453	29,649,318	99,986,070	0	5,952,404	606,846,773
El Paso	41,227,073	32,912,767	26,785,815	13,298,374	954,968	12,083,944	30,844,877	0	927,950	159,035,769
Harris	303,876,726	226,272,630	157,554,967	65,636,975	4,030,331	65,542,213	180,874,434	0	13,450,741	1,017,239,017
Hidalgo	52,744,624	91,870,195	66,635,140	19,740,852	1,136,388	15,709,856	37,519,519	0	1,021,437	286,378,011
Jefferson	36,302,052	20,057,821	15,429,408	7,225,069	794,598	12,051,386	23,860,959	0	1,265,083	116,986,375
Lubbock	34,519,864	20,747,114	13,873,004	6,264,668	854,916	9,646,292	24,917,667	0	729,727	111,553,252
Nueces	41,287,697	33,601,195	23,504,818	10,676,447	848,486	11,949,538	28,130,508	0	536,965	150,535,656
Tarrant	111,634,604	98,242,833	69,780,418	23,340,256	1,658,276	24,074,354	72,477,382	0	5,867,340	407,075,462
Travis	68,186,529	57,729,522	34,220,185	11,888,523	1,535,542	23,826,257	40,994,843	0	2,774,364	241,155,766
Central	20,428,172	16,086,321	10,588,194	4,784,085	471,951	7,051,287	15,547,031	30,364,569	938,284	106,259,893
Northeast	33,013,974	23,098,765	15,266,826	6,448,601	810,323	10,449,465	25,174,236	55,443,012	753,161	170,458,364
West	34,778,787	17,624,617	14,081,905	5,468,505	631,226	8,287,840	26,335,897	36,874,203	846,819	144,929,799
Total	1,045,537,712	886,075,080	615,938,038	236,991,794	18,378,329	266,550,332	682,706,151	122,681,784	38,638,493	3,913,497,712

FY2014 STAR Rating  
 Provider Reimbursement Adjustments  
 Potentially Preventable Complications (PPC) Reimbursement Reductions

	Age <1	Age 1-5	Age 6-14	Age 15-18	Age 19-20	TANF Adult	Pregnant Women	SSI	Other	Total
Rate Adjustment (3)										
Bexar	-0.04 %	-0.01 %	-0.02 %	-0.03 %	-0.05 %	-0.03 %	-0.03 %		-0.08 %	-0.03 %
Dallas	-0.26 %	-0.01 %	-0.01 %	-0.05 %	-0.23 %	-0.22 %	-0.34 %		-0.10 %	-0.14 %
El Paso	-0.02 %	-0.01 %	-0.01 %	-0.03 %	-0.10 %	-0.04 %	-0.04 %		-0.04 %	-0.02 %
Harris	-0.06 %	0.00 %	0.00 %	-0.03 %	-0.09 %	-0.09 %	-0.10 %		-0.02 %	-0.05 %
Hidalgo	-0.02 %	0.00 %	0.00 %	0.00 %	-0.01 %	-0.01 %	0.00 %		-0.02 %	-0.01 %
Jefferson	-0.01 %	0.00 %	0.00 %	-0.02 %	-0.01 %	-0.01 %	-0.02 %		0.00 %	-0.01 %
Lubbock	-0.27 %	-0.06 %	-0.05 %	-0.11 %	-0.24 %	-0.19 %	-0.28 %		-0.34 %	-0.19 %
Nueces	-0.02 %	0.00 %	0.00 %	-0.01 %	0.00 %	-0.02 %	-0.02 %		-0.03 %	-0.01 %
Tarrant	-0.12 %	0.00 %	-0.01 %	-0.05 %	-0.14 %	-0.13 %	-0.22 %		-0.07 %	-0.09 %
Travis	-0.08 %	0.00 %	0.00 %	-0.06 %	-0.15 %	-0.14 %	-0.18 %		-0.04 %	-0.07 %
Central	-0.19 %	-0.02 %	-0.02 %	-0.09 %	-0.27 %	-0.15 %	-0.29 %	-0.17 %	-0.25 %	-0.15 %
Northeast	-0.12 %	-0.01 %	-0.02 %	-0.03 %	-0.03 %	-0.05 %	-0.07 %	-0.11 %	-0.03 %	-0.08 %
West	-0.08 %	-0.03 %	-0.03 %	-0.04 %	-0.16 %	-0.04 %	-0.08 %	-0.08 %	-0.25 %	-0.07 %
Total	-0.10 %	-0.01 %	-0.01 %	-0.03 %	-0.11 %	-0.09 %	-0.14 %	-0.12 %	-0.06 %	-0.07 %

## Footnotes:

- (1) Equals the cost impact from application of the PPC reimbursement reductions effective 3/1/2014.
- (2) Equals FY2012 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2012 Total Incurred Claims.

Health and Human Services Commission  
 FY2014 Pharmacy Rate Setting - Mid Year Adjustments  
 PDL Rate Adjustment Factors  
 Experience Period: 3/1/2012 - 2/28/2013

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Ages 19-20	TANF Adults	Pregnant Women	Disabled & Blind	Total
<b>Estimated Pharmacy Cost Impact for PDL Changes (1)</b>									
Bexar	-23,593	-97,187	-132,058	-26,883	-480	-110,397	-13,488		-404,087
Dallas	-51,446	-153,763	-149,250	-26,836	-231	-60,380	-10,758		-452,664
El Paso	-10,148	-35,021	-43,825	-11,605	-166	-30,426	-2,213		-133,403
Harris	-66,987	-175,964	-188,879	-55,061	-1,294	-144,939	-20,863		-653,987
Hidalgo	-89,648	-190,967	-213,142	-45,181	-497	-83,620	-6,347		-629,401
Jefferson	-16,824	-30,897	-31,704	-9,082	-346	-35,935	-3,516		-128,303
Lubbock	-5,896	-16,284	-20,928	-6,623	-100	-30,598	-3,771		-84,199
Nueces	-19,695	-52,791	-54,694	-11,961	-128	-61,866	-6,082		-207,217
Tarrant	-36,115	-108,907	-80,439	-21,279	-341	-65,913	-10,972		-323,967
Travis	-9,219	-36,947	-47,976	-12,163	-284	-66,091	-7,460		-180,142
MRSA Central	-11,196	-31,553	-47,684	-15,470	-414	-53,730	-6,159	-332,951	-499,157
MRSA Northeast	-25,452	-81,144	-75,924	-20,616	-442	-87,542	-9,215	-578,136	-878,471
MRSA West	-13,910	-36,302	-59,860	-14,042	-516	-46,455	-8,201	-378,628	-557,913
Total	-380,131	-1,047,726	-1,146,363	-276,801	-5,239	-877,893	-109,043	-1,289,716	-5,132,911
<b>Total Pharmacy Incurred Claims (2)</b>									
Bexar	4,374,374	17,110,021	33,461,127	8,460,410	278,828	11,429,229	4,356,830		79,470,818
Dallas	9,770,083	36,253,104	55,451,392	14,160,624	380,738	8,293,581	5,316,999		129,626,521
El Paso	3,765,995	9,983,354	17,505,287	6,291,172	202,789	4,129,029	1,610,396		43,488,022
Harris	16,402,699	56,521,233	78,260,275	19,545,595	574,002	18,337,306	9,914,206		199,555,315
Hidalgo	16,253,403	59,053,188	70,726,572	18,513,443	439,138	12,499,504	4,655,315		182,140,563
Jefferson	2,830,727	8,548,203	13,253,924	2,951,537	142,315	4,453,143	1,362,078		33,541,927
Lubbock	2,126,445	5,134,462	9,451,217	2,430,080	157,120	3,315,851	1,382,682		23,997,859
Nueces	2,991,185	9,731,301	16,251,472	3,402,537	95,269	4,269,487	1,793,803		38,535,054
Tarrant	5,043,116	16,309,935	31,171,012	7,422,319	206,895	7,953,805	4,601,228		72,708,310
Travis	3,056,742	9,433,597	14,562,951	3,773,196	150,948	7,024,618	2,032,273		40,034,325
MRSA Central	2,490,245	7,999,763	16,745,578	3,865,413	125,457	5,840,423	1,858,673	43,825,108	82,750,661
MRSA Northeast	4,611,649	15,457,734	26,149,125	5,757,356	207,466	8,034,371	2,955,229	76,173,276	139,346,205
MRSA West	4,006,920	9,434,454	19,698,292	4,493,686	287,010	6,042,183	2,529,565	52,139,739	98,631,849
Total	77,723,583	260,970,349	402,688,224	101,067,369	3,247,974	101,622,530	44,369,277	172,138,124	1,163,827,429

Health and Human Services Commission  
 FY2014 Pharmacy Rate Setting - Mid Year Adjustments  
 PDL Rate Adjustment Factors  
 Experience Period: 3/1/2012 - 2/28/2013

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Ages 19-20	TANF Adults	Pregnant Women	Disabled & Blind	Total
<b>FY2014 Claims Cost Adjustment Factors (3)</b>									
Bexar	-0.54 %	-0.57 %	-0.39 %	-0.32 %	-0.17 %	-0.97 %	-0.31 %		-0.51 %
Dallas	-0.53 %	-0.42 %	-0.27 %	-0.19 %	-0.06 %	-0.73 %	-0.20 %		-0.35 %
El Paso	-0.27 %	-0.35 %	-0.25 %	-0.18 %	-0.08 %	-0.74 %	-0.14 %		-0.31 %
Harris	-0.41 %	-0.31 %	-0.24 %	-0.28 %	-0.23 %	-0.79 %	-0.21 %		-0.33 %
Hidalgo	-0.55 %	-0.32 %	-0.30 %	-0.24 %	-0.11 %	-0.67 %	-0.14 %		-0.35 %
Jefferson	-0.59 %	-0.36 %	-0.24 %	-0.31 %	-0.24 %	-0.81 %	-0.26 %		-0.38 %
Lubbock	-0.28 %	-0.32 %	-0.22 %	-0.27 %	-0.06 %	-0.92 %	-0.27 %		-0.35 %
Nueces	-0.66 %	-0.54 %	-0.34 %	-0.35 %	-0.13 %	-1.45 %	-0.34 %		-0.54 %
Tarrant	-0.72 %	-0.67 %	-0.26 %	-0.29 %	-0.16 %	-0.83 %	-0.24 %		-0.45 %
Travis	-0.30 %	-0.39 %	-0.33 %	-0.32 %	-0.19 %	-0.94 %	-0.37 %		-0.45 %
MRSA Central	-0.45 %	-0.39 %	-0.28 %	-0.40 %	-0.33 %	-0.92 %	-0.33 %	-0.76 %	-0.60 %
MRSA Northeast	-0.55 %	-0.52 %	-0.29 %	-0.36 %	-0.21 %	-1.09 %	-0.31 %	-0.76 %	-0.63 %
MRSA West	-0.35 %	-0.38 %	-0.30 %	-0.31 %	-0.18 %	-0.77 %	-0.32 %	-0.73 %	-0.57 %
Total	-0.49 %	-0.40 %	-0.28 %	-0.27 %	-0.16 %	-0.86 %	-0.25 %	-0.75 %	-0.44 %

## Footnotes:

- (1) Equals the estimated cost impact from application of the PDL changes (grandfathering and new drug classes).  
 (2) Equals total experience period incurred pharmacy claims.  
 (3) Equals additional cost divided by total incurred claims.