

**STATE OF TEXAS  
MEDICAID MANAGED CARE  
STAR HEALTH PROGRAM RATE SETTING  
STATE FISCAL YEAR 2017**

Prepared for:  
Texas Health and Human Services Commission  
STAR Health 529-15-0001 V2.3

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## I. Introduction

Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to develop a fiscal year 2017 (FY2017, September 2016 through August 2017) premium rate for the STAR Health program. STAR Health is the managed health care program for Foster Care clients in Texas that was implemented April 1, 2008. This report presents the rating methodology and assumptions used in developing the FY2017 premium rate.

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. We have worked closely with HHSC staff in developing the FY2017 STAR Health premium rate.

Rudd and Wisdom has relied on the following data sources as provided by HHSC and Superior HealthPlan Network (Superior), the managed care plan who manages the STAR Health program.

- Monthly Foster Care enrollment for the period September 2012 through April 2016 with a projection through August 2017. These enrollment figures were provided by HHSC System Forecasting staff.
- Claim lag reports provided by Superior for the period September 2012 through April 2016. These reports include monthly paid claims by month of service.
- Information provided by Superior on high volume claimants during the experience period.
- Information from Superior regarding current and projected payment rates for certain capitated services, such as radiology and dental.
- Financial Statistical Reports (FSR) from the health plan for FY2013, FY2014, FY2015 and the first six months of FY2016. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the HMO. These reports are prepared by the health plans and are audited by an external audit organization.
- Information from Superior regarding current and projected reinsurance premium rates.
- Information from both HHSC and Superior regarding recent changes in covered services and provider reimbursement under the Medicaid program.
- Information provided by HHSC regarding the expected impact of FY2016 and FY2017 Medicaid provider reimbursement rate changes.
- Information provided by HHSC regarding FY2015 health plan claims cost by type of service for certain services. This information was obtained from the encounter database.
- Current (FY2016) STAR Health premium rate.

After accumulating all of the information to be used in the rate setting process, a comparison of the various sources of claims data was performed to check for consistency. We compared (i) the claim lag reports provided by Superior, (ii) the claim amounts reported in the FSRs and (iii) the claim amounts in the encounter data files. There was satisfactory consistency between the three claims data sources. Although the above data was reviewed for reasonableness, Rudd and Wisdom did not audit the data.

In addition to the review for reasonableness performed by Rudd and Wisdom, HHSC employs the Institute for Child Health Policy (ICHP) as an External Quality Review Organization. ICHP reviews the detail encounter data and provides certification of the data quality. Below is an excerpt from their data certification report:

*Based on an administrative review, the EQRO considers the required data elements for STAR Health to be accurate and complete, meeting the following components of Texas Government Code § 533.0131 for data certification purposes:*

- 1. The encounter data for the most recent measurement year are complete, accurate, and reliable.*
- 2. No statistically significant variability in the encounter data is attributable to incompleteness, inaccuracy, or other deficiency as compared to equivalent data for similar populations and when evaluated against professionally accepted standards.*

## II. Overview of the Rate Setting Methodology

This report details the development of the medical component of the total premium rate. Information regarding the carve-in of prescription drugs into the STAR Health program can be found in the report titled State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2017.

The actuarial model used to derive the FY2017 STAR Health premium rate relies primarily on health plan financial experience. The historical claims experience for the program was analyzed and estimates for the base period (FY2015, September 1, 2014 through August 31, 2015) were developed. These estimates were then projected forward to FY2017 using assumed trend rates. Other plan expenditures such as capitated amounts, reinsurance costs and administrative expenses were added to the claims component in order to project the total FY2017 cost under the plan.

Only one health plan provides services under the STAR Health program. The health plan is reimbursed using a single premium rate which does not vary by age, gender or area. The STAR Health program covers the entire state of Texas. The services used in the analysis include the following:

- Inpatient Hospital
- Outpatient Hospital
- Physician Services
- Other Professional Services
- Lab, X-ray and Radiology Services
- Medical Supplies
- Behavioral Health Services
- EPSDT Medical Services
- Family Planning and Genetics Services
- Comprehensive Care Program Services
- Vision Services
- Hearing Services
- Home Health Services
- Emergency Room Services
- Ambulance Services
- Dental and Orthodontia Services
- Prescription Drugs

Examples of services specifically excluded from the analysis include:

- Texas Health Steps environmental lead investigation (ELI)
- ECI Case Management
- ECI Specialized Skills Training
- Case Management for CPW
- Texas School Health and Related Services (SHARS)
- DARS Blind Children's Vocational Discovery and Development Program

- Tuberculosis services provided by DSHS-approved providers (directly observed therapy and contact investigation)

All expenses related to these any other non-capitated services have been excluded from the FY2017 rating analysis.

We projected the FY2017 cost by estimating base period average claims cost and then applying trend and other adjustment factors. These adjustment factors are described in Section III of this report. We added capitation expenses for services capitated by Superior (such as radiology and dental services), a net cost of reinsurance, a reasonable provision for administrative expenses, taxes and risk margin.

The analysis of base period claims experience attempted to identify and adjust for any distortions in the data. Significant variations in experience, including the impact from unusually large individual claims, were investigated however no adjustments were deemed necessary.

Attachment 1 to this report provides a description of the calculation of the FY2017 STAR Health premium rate. Attachment 2 contains a summary of recent program incurred claims experience. Attachment 3 summarizes the development of the trend assumptions. Attachment 4 details the calculation of the rate adjustment factors for provider rate changes. Attachment 5 details the calculation of the Community First Choice (CFC) component of the premium which is eligible for an enhanced federal match rate.

### III. Adjustment Factors

This section contains a description of the adjustment factors used in the STAR Health rate setting process.

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

The rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience for Foster Care clients and the actuary's professional judgment regarding future cost increases. All historical trends have been calculated as the average cost per member per month during a specified time period (monthly, quarterly or annually) compared to the same time period from the prior year. For example, the FY2015 trend has been calculated as the change in average cost per member per month during the period September 1, 2014 through August 31, 2015 (FY2015) compared to the average cost per member per month during the period September 1, 2013 through August 31, 2014 (FY2014). The experience trends for all time periods were adjusted to remove the impact of various provider reimbursement changes and other revisions that have impacted the program.

The FY2016 trend assumption was developed from two components: (i) the actual estimated trend for the period September 2015 through February 2016 and (ii) the projected trend for the period March 2016 through August 2016. The actual estimated trend during the period September 2015 through February 2016 was 5.0%. The projected trend for the period March 2016 through August 2016 was calculated as the average trend during FY2013, FY2014, FY2015 and the first six months of FY2016 and equaled 0.7%. The actual trend during the first six months and the projected trend during the final six months of FY2016 were then blended together to develop the FY2016 trend assumption of 2.8%.

The FY2017 trend assumption was calculated as the average trend during FY2013, FY2014, FY2015 and the first six months of FY2016 and equals 0.7%.

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

Medicaid provider reimbursement changes were recognized for the following services: hospital inpatient reimbursement revisions, potentially preventable readmission reimbursement reductions, potentially preventable complications reimbursement reductions, rural hospital outpatient reimbursement revisions, therapy reimbursement revisions and personal care services (PCS) reimbursement increases.

HHSC has required all managed care organizations to incorporate Electronic Visit Verification (EVV) into their management duties for Personal Assistance Services (PAS), Personal Care Services (PCS) and Private Duty Nursing (PDN).

The rating adjustments for these provider reimbursement changes were calculated by applying actual health plan encounter data to the old and new reimbursement basis and the resulting

impact determined. Attachment 4 presents a summary of the derivation of these adjustment factors.

### **MDCP Carve-In**

Effective November 1, 2016 STAR Health members who are eligible for and enrolled in the Medically Dependent Children's Program (MDCP) will no longer have their MDCP waiver services carved out of the STAR Health program.

The rating adjustment for this carve-in was calculated by collecting the applicable claims currently paid under FFS. Attachment 4 presents a summary of the derivation of this adjustment factor.

### **Hospice Carve-In**

Effective November 1, 2016 STAR Health members receiving hospice services will no longer be disenrolled from the program.

The rating adjustment for this carve-in was calculated by collecting the applicable claims currently paid under FFS. Attachment 4 presents a summary of the derivation of this adjustment factor.

### ***Community First Choice Initiative***

Effective June 1, 2015 Texas has provided CFC services to individuals who:

- have a physical or intellectual disability,
- meet categorical coverage requirements for Medicaid or meet financial eligibility for home and community based services, and
- meet an institutional level of care.

The CFC services include:

- Help with activities of daily living and health-related tasks through hands-on assistance, supervision or cueing.
- Services to help the individual learn how to care for themselves.
- Backup systems or ways to ensure continuity of services and supports.
- Training on how to select, manage and dismiss attendants.

The implementation of CFC will not significantly impact the utilization of attendant care services, the reimbursement for attendant care services or the number of individuals eligible for attendant care services within the STAR Health program. As a result, no adjustment is necessary to the monthly capitation rate.



As a result of CFC, Texas is eligible for an enhanced federal match rate on all CFC eligible services. The calculation of the CFC portion of the rate is detailed in Attachment 5.

#### IV. Administrative Fees, Taxes and Risk Margin

The rating methodology includes an explicit provision for administrative services. The amount allocated for administrative expenses is \$24.00 pmpm plus 5.75% of gross premium. This amount is intended to provide for all administrative-related services performed by the health plan.

The administrative fee amounts were determined based on a review of the administrative expenses of the health plan as reported in their audited Financial Statistical Reports (FSRs). The table below summarizes the reported administrative expenses for the past three fiscal years for the STAR Health program.

	Average
FY13	70.84
FY14	73.75
FY15	71.37
FY16	68.55
4 Year Average	71.13

Based on the administrative formula included in the rate development, the average administrative expense included in the capitation rate (medical and pharmacy components combined) is approximately \$70 which is in line with the historical average. This formula is reviewed annually to ensure consistency with the reported administrative costs.

The premium rate also includes provisions for premium tax (1.75% of premium), maintenance tax (\$0.07 pmpm) and a risk margin (2.0% of premium). The premium tax and maintenance tax are based on Texas Department of Insurance requirements.

The capitation rates included in this document do not include provision for the Affordable Care Act (ACA) Health Insurance Providers Fee. HHSC will develop and implement a procedure for reimbursing Superior for (i) the ACA Health Insurance Providers Fee, (ii) any applicable federal income tax impact resulting from payment of the ACA Health Insurance Providers Fee and (iii) any applicable state premium tax impact resulting from payment of the ACA Health Insurance Providers Fee. Such reimbursement will be provided based on a CMS-approved methodology.

## V. Summary

The FY2017 premium rate for the STAR Health program including prescription drugs is \$921.71 per member per month. The total premium rate is made up of the total medical component of \$760.64 and the prescription drug component of \$161.07. This report details the derivation of the medical component of the rate. Further information regarding the prescription drug component of the premium rate can be found in the report titled State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2017. This rate will be effective for the period September 1, 2016 through August 31, 2017. Attachment 1 shows the derivation of the medical component of the premium rate.

As noted in Section III., Texas is eligible for an enhanced match rate for CFC services. CFC services of \$3.34 are a component of the total rate. Further information regarding the calculation of this amount can be found in Attachment 5.

VI. Actuarial Certification of FY2017 STAR Health Premium Rate

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 the STAR Health premium rate for the period September 1, 2016 through August 31, 2017 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 STAR Health premium rate developed by HHSC and Rudd and Wisdom satisfies the following:

- (a) The premium rate has been developed in accordance with generally accepted actuarial principals and practices;
- (b) The premium rate is appropriate for the populations and services covered under the managed care contract; and
- (c) The premium rate is 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 this rate 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.



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

## VII. Attachments

## *Attachment 1*

### Summary of FY2017 STAR Health Rating Analysis

Exhibit A presents summary information regarding the FY2017 STAR Health medical rate development. Included on the exhibit are base period (FY2015) experience, projected FY2017 enrollment, trend and provider reimbursement adjustment factors, assumed capitation rates, reinsurance and administrative costs.

The actuarial model used to derive the FY2017 STAR Health premium rate relies primarily on health plan financial experience. The historical claims experience for the program was analyzed and estimates for the base period were developed. These estimates were then projected forward to FY2017 using assumed trend rates. Other plan expenditures such as capitated amounts, reinsurance costs and administrative expenses were added to the claims component in order to project the total FY2017 cost under the plan.

Reinsurance is provided through an affiliated provider therefore the net cost of reinsurance has been set at \$0.00. Any reinsurance premium paid to this affiliated provider is assumed to be offset by reinsurance recoveries.

Only one health plan provides services through the STAR Health program. The health plan is reimbursed using a single premium rate which does not vary by age, gender or area.

The information presented in Exhibit A does not include the prescription drug portion of the total premium rate. Further information regarding the prescription drug component of the premium rate can be found in the report titled State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2017.

Exhibit B presents a comparison of the projected expenditures under the current (FY2016) premiums rates and the FY2017 premium rates. The projection is split by medical and pharmacy.

FY2017 STAR Health Rating Analysis  
Rate Development for the STAR Health Program

	<u>Rating Period</u> <u>FY2017</u>
Base Period Used in Rating	FY2015
Base Period Experience	
Member Months	370,908
Estimated Incurred Claims	220,453,276
Estimated Incurred Claims pmpm	\$ 594.36
Projected Rating Period Experience	
Member Months	373,859
Current Premium Rate (FY2016)	\$ 761.46
Projected Premium at Current Rate	284,678,969
Assumed Annual Trend Rate	
- FY2016	2.8 %
- FY2017	0.7 %
Provider Reimbursement Adjustment	-0.28 %
Hospital Reimbursement Adjustment	0.47 %
Projected Incurred Claims pmpm	\$ 616.44
Projected Incurred Claims	230,462,307
Capitation Expenses	
Laboratory	\$ 0.03
Dental Services	\$ 43.01
Radiology	\$ 2.37
Settlements and Miscellaneous Expenses	\$ 2.46
Total	\$ 47.87
Reinsurance Expenses	
Gross Premium	\$ 0.04
Projected Reinsurance Recoveries	\$ 0.04
Net Reinsurance Cost	\$ 0.00
Administrative Expenses	
Fixed Amount	\$ 24.00
Percentage of Premium	5.75 %
Total	\$ 67.74
Premium Tax	1.75 %
Maintenance Tax pmpm	\$ 0.07
Risk Charge	2.0 %
Premium Rate pmpm	\$ 760.64
Projected Premium	284,373,205
% Change	-0.1%

FY2017 STAR Health Rating Analysis

	Projected PMPM		Projected FY2017 Premium		% Rate Change
	<u>FY2016 Rates</u>	<u>FY2017 Rates</u>	<u>FY2016 Rates</u>	<u>FY2017 Rates</u>	
Medical	761.46	760.64	284,678,969	284,372,404	-0.1%
Pharmacy	160.16	161.07	59,877,319	60,217,532	0.6%
Total	921.62	921.71	344,556,289	344,589,936	0.0%



## ***Attachment 2***

### STAR Health Incurred Claims Experience

The attached exhibits present a summary of STAR Health incurred claims experience by type of service during the base period used in the rate setting analysis. For each month during the experience period the exhibits show enrollment, claims incurred during the month and paid through April 30, 2016 and estimated incurred claims. All information has been provided by type of service.

FY2017 STAR Health Rating Analysis  
 Estimated STAR Health Incurred Claims

Month	Number of Members	Professional				
		Claims Incurred and Paid	Completion Factor	Estimated Incurred Claims	Estimated Incurred pmpm	Trend Factor
Sep-12	30,752	2,250,897	1.0000	2,250,897	73.20	
Oct-12	30,604	2,467,179	1.0000	2,467,179	80.62	
Nov-12	30,378	2,254,298	1.0000	2,254,298	74.21	
Dec-12	29,927	2,029,401	1.0000	2,029,401	67.81	
Jan-13	29,731	2,428,477	1.0000	2,428,477	81.68	
Feb-13	29,944	2,211,101	1.0000	2,211,101	73.84	
Mar-13	29,920	2,250,227	1.0000	2,250,227	75.21	
Apr-13	30,032	2,304,944	1.0000	2,304,944	76.75	
May-13	30,286	2,379,915	1.0000	2,379,915	78.58	
Jun-13	30,527	2,015,501	1.0000	2,015,501	66.02	
Jul-13	30,606	2,230,489	1.0000	2,230,489	72.88	
Aug-13	30,809	2,173,349	1.0000	2,173,349	70.54	
Sep-13	30,699	2,070,557	1.0000	2,070,557	67.45	0.921
Oct-13	30,921	2,380,325	1.0000	2,380,325	76.98	0.955
Nov-13	30,871	2,013,704	1.0000	2,013,704	65.23	0.879
Dec-13	30,423	2,034,456	1.0000	2,034,456	66.87	0.986
Jan-14	30,109	2,220,339	1.0000	2,220,339	73.74	0.903
Feb-14	30,353	2,059,120	1.0000	2,059,120	67.84	0.919
Mar-14	30,457	2,269,105	1.0000	2,269,105	74.50	0.991
Apr-14	30,646	2,441,000	1.0000	2,441,000	79.65	1.038
May-14	30,857	2,220,326	1.0000	2,220,326	71.96	0.916
Jun-14	30,948	2,114,984	1.0000	2,114,984	68.34	1.035
Jul-14	31,157	2,225,265	1.0000	2,225,265	71.42	0.980
Aug-14	31,278	2,066,066	1.0000	2,066,066	66.05	0.936
Sep-14	31,294	2,201,500	1.0000	2,201,500	70.35	1.043
Oct-14	31,565	2,397,988	1.0000	2,397,988	75.97	0.987
Nov-14	31,390	1,947,097	1.0000	1,947,097	62.03	0.951
Dec-14	30,987	2,226,518	1.0000	2,226,518	71.85	1.074
Jan-15	30,729	2,254,374	1.0000	2,254,374	73.36	0.995
Feb-15	30,724	2,104,153	1.0000	2,104,153	68.49	1.010
Mar-15	30,595	2,203,819	1.0000	2,203,819	72.03	0.967
Apr-15	30,608	2,267,111	1.0000	2,267,111	74.07	0.930
May-15	30,719	2,045,472	1.0000	2,045,472	66.59	0.925
Jun-15	30,789	2,070,039	1.0000	2,070,039	67.23	0.984
Jul-15	30,747	2,140,035	1.0000	2,140,035	69.60	0.975
Aug-15	30,761	2,051,611	1.0000	2,051,611	66.70	1.010
Sep-15	30,700	2,330,131	1.0000	2,330,131	75.90	1.079
Oct-15	30,821	2,309,976	0.9980	2,314,605	75.10	0.989
Nov-15	30,658	2,081,731	0.9970	2,087,995	68.11	1.098
Dec-15	30,173	2,256,214	0.9890	2,281,309	75.61	1.052
Jan-16	30,203	2,359,109	0.9760	2,417,120	80.03	1.091
Feb-16	30,659	2,409,261	0.9390	2,565,773	83.69	1.222
FY2013	363,516			26,995,779	74.26	
FY2014	368,719			26,115,247	70.83	0.954
FY2015	370,908			25,909,717	69.85	0.986
9/14-2/15	186,689			13,131,630	70.34	
9/15-2/16	183,213			13,996,933	76.40	1.086

FY2017 STAR Health Rating Analysis  
 Estimated STAR Health Incurred Claims

Month	Number of Members	Emergency Room				Trend Factor
		Claims Incurred and Paid	Completion Factor	Estimated Incurred Claims	Estimated Incurred pmpm	
Sep-12	30,752	422,913	1.0000	422,913	13.75	
Oct-12	30,604	437,361	1.0000	437,361	14.29	
Nov-12	30,378	452,865	1.0000	452,865	14.91	
Dec-12	29,927	477,306	1.0000	477,306	15.95	
Jan-13	29,731	448,792	1.0000	448,792	15.10	
Feb-13	29,944	387,164	1.0000	387,164	12.93	
Mar-13	29,920	465,103	1.0000	465,103	15.54	
Apr-13	30,032	470,641	1.0000	470,641	15.67	
May-13	30,286	479,552	1.0000	479,552	15.83	
Jun-13	30,527	395,891	1.0000	395,891	12.97	
Jul-13	30,606	405,956	1.0000	405,956	13.26	
Aug-13	30,809	408,416	1.0000	408,416	13.26	
Sep-13	30,699	442,451	1.0000	442,451	14.41	1.048
Oct-13	30,921	457,731	1.0000	457,731	14.80	1.036
Nov-13	30,871	459,024	1.0000	459,024	14.87	0.997
Dec-13	30,423	513,900	1.0000	513,900	16.89	1.059
Jan-14	30,109	450,726	1.0000	450,726	14.97	0.992
Feb-14	30,353	429,159	1.0000	429,159	14.14	1.094
Mar-14	30,457	420,028	1.0000	420,028	13.79	0.887
Apr-14	30,646	459,586	1.0000	459,586	15.00	0.957
May-14	30,857	468,039	1.0000	468,039	15.17	0.958
Jun-14	30,948	384,197	1.0000	384,197	12.41	0.957
Jul-14	31,157	392,765	1.0000	392,765	12.61	0.950
Aug-14	31,278	438,750	1.0000	438,750	14.03	1.058
Sep-14	31,294	460,026	1.0000	460,026	14.70	1.020
Oct-14	31,565	528,094	1.0000	528,094	16.73	1.130
Nov-14	31,390	477,886	1.0000	477,886	15.22	1.024
Dec-14	30,987	494,620	1.0000	494,620	15.96	0.945
Jan-15	30,729	505,992	1.0000	505,992	16.47	1.100
Feb-15	30,724	460,121	1.0000	460,121	14.98	1.059
Mar-15	30,595	499,380	1.0000	499,380	16.32	1.184
Apr-15	30,608	477,014	1.0000	477,014	15.58	1.039
May-15	30,719	490,017	1.0000	490,017	15.95	1.052
Jun-15	30,789	420,368	1.0000	420,368	13.65	1.100
Jul-15	30,747	408,386	1.0000	408,386	13.28	1.054
Aug-15	30,761	409,947	1.0000	409,947	13.33	0.950
Sep-15	30,700	486,900	1.0000	486,900	15.86	1.079
Oct-15	30,821	512,387	0.9980	513,413	16.66	0.996
Nov-15	30,658	477,426	0.9970	478,863	15.62	1.026
Dec-15	30,173	475,677	0.9890	480,968	15.94	0.999
Jan-16	30,203	546,907	0.9760	560,356	18.55	1.127
Feb-16	30,659	523,318	0.9390	557,315	18.18	1.214
FY2013	363,516			5,251,960	14.45	
FY2014	368,719			5,316,355	14.42	0.998
FY2015	370,908			5,631,852	15.18	1.053
9/14-2/15	186,689			2,926,739	15.68	
9/15-2/16	183,213			3,077,814	16.80	1.072

FY2017 STAR Health Rating Analysis  
 Estimated STAR Health Incurred Claims

Month	Number of Members	Outpatient			Trend Factor	
		Claims Incurred and Paid	Completion Factor	Estimated Incurred Claims		Estimated Incurred pmpm
Sep-12	30,752	771,677	1.0000	771,677	25.09	
Oct-12	30,604	893,723	1.0000	893,723	29.20	
Nov-12	30,378	797,775	1.0000	797,775	26.26	
Dec-12	29,927	651,502	1.0000	651,502	21.77	
Jan-13	29,731	834,003	1.0000	834,003	28.05	
Feb-13	29,944	794,710	1.0000	794,710	26.54	
Mar-13	29,920	827,889	1.0000	827,889	27.67	
Apr-13	30,032	872,164	1.0000	872,164	29.04	
May-13	30,286	926,386	1.0000	926,386	30.59	
Jun-13	30,527	822,992	1.0000	822,992	26.96	
Jul-13	30,606	929,903	1.0000	929,903	30.38	
Aug-13	30,809	866,050	1.0000	866,050	28.11	
Sep-13	30,699	880,688	1.0000	880,688	28.69	1.143
Oct-13	30,921	992,145	1.0000	992,145	32.09	1.099
Nov-13	30,871	786,856	1.0000	786,856	25.49	0.971
Dec-13	30,423	825,956	1.0000	825,956	27.15	1.247
Jan-14	30,109	952,762	1.0000	952,762	31.64	1.128
Feb-14	30,353	848,967	1.0000	848,967	27.97	1.054
Mar-14	30,457	787,883	1.0000	787,883	25.87	0.935
Apr-14	30,646	1,058,239	1.0000	1,058,239	34.53	1.189
May-14	30,857	917,061	1.0000	917,061	29.72	0.972
Jun-14	30,948	888,648	1.0000	888,648	28.71	1.065
Jul-14	31,157	1,158,038	1.0000	1,158,038	37.17	1.223
Aug-14	31,278	874,371	1.0000	874,371	27.95	0.994
Sep-14	31,294	852,903	1.0000	852,903	27.25	0.950
Oct-14	31,565	987,324	1.0000	987,324	31.28	0.975
Nov-14	31,390	816,425	1.0000	816,425	26.01	1.020
Dec-14	30,987	797,338	1.0000	797,338	25.73	0.948
Jan-15	30,729	881,609	1.0000	881,609	28.69	0.907
Feb-15	30,724	818,379	1.0000	818,379	26.64	0.952
Mar-15	30,595	877,056	1.0000	877,056	28.67	1.108
Apr-15	30,608	968,020	1.0000	968,020	31.63	0.916
May-15	30,719	869,896	1.0000	869,896	28.32	0.953
Jun-15	30,789	914,092	1.0000	914,092	29.69	1.034
Jul-15	30,747	933,425	1.0000	933,425	30.36	0.817
Aug-15	30,761	925,887	1.0000	925,887	30.10	1.077
Sep-15	30,700	1,035,900	1.0000	1,035,900	33.74	1.238
Oct-15	30,821	965,602	0.9980	967,537	31.39	1.004
Nov-15	30,658	801,300	0.9970	803,711	26.22	1.008
Dec-15	30,173	819,234	0.9890	828,346	27.45	1.067
Jan-16	30,203	784,305	0.9760	803,591	26.61	0.927
Feb-16	30,659	865,691	0.9390	921,929	30.07	1.129
FY2013	363,516			9,988,775	27.48	
FY2014	368,719			10,971,615	29.76	1.083
FY2015	370,908			10,642,353	28.69	0.964
9/14-2/15	186,689			5,153,977	27.61	
9/15-2/16	183,213			5,361,013	29.26	1.060

FY2017 STAR Health Rating Analysis  
 Estimated STAR Health Incurred Claims

Month	Number of Members	Inpatient			Trend Factor	
		Claims Incurred and Paid	Completion Factor	Estimated Incurred Claims		Estimated Incurred pmpm
Sep-12	30,752	2,416,362	1.0000	2,416,362	78.58	
Oct-12	30,604	1,915,397	1.0000	1,915,397	62.59	
Nov-12	30,378	1,827,621	1.0000	1,827,621	60.16	
Dec-12	29,927	1,436,817	1.0000	1,436,817	48.01	
Jan-13	29,731	2,328,565	1.0000	2,328,565	78.32	
Feb-13	29,944	1,623,364	1.0000	1,623,364	54.21	
Mar-13	29,920	2,114,428	1.0000	2,114,428	70.67	
Apr-13	30,032	2,358,359	1.0000	2,358,359	78.53	
May-13	30,286	1,416,696	1.0000	1,416,696	46.78	
Jun-13	30,527	2,059,030	1.0000	2,059,030	67.45	
Jul-13	30,606	2,063,959	1.0000	2,063,959	67.44	
Aug-13	30,809	1,333,535	1.0000	1,333,535	43.28	
Sep-13	30,699	2,692,839	1.0000	2,692,839	87.72	1.116
Oct-13	30,921	2,395,774	1.0000	2,395,774	77.48	1.238
Nov-13	30,871	2,179,294	1.0000	2,179,294	70.59	1.173
Dec-13	30,423	1,751,733	1.0000	1,751,733	57.58	1.199
Jan-14	30,109	3,574,149	1.0000	3,574,149	118.71	1.516
Feb-14	30,353	1,832,087	1.0000	1,832,087	60.36	1.113
Mar-14	30,457	3,531,912	1.0000	3,531,912	115.96	1.641
Apr-14	30,646	3,176,710	1.0000	3,176,710	103.66	1.320
May-14	30,857	1,945,167	1.0000	1,945,167	63.04	1.348
Jun-14	30,948	1,545,441	1.0000	1,545,441	49.94	0.740
Jul-14	31,157	2,577,168	1.0000	2,577,168	82.72	1.227
Aug-14	31,278	1,446,310	1.0000	1,446,310	46.24	1.068
Sep-14	31,294	1,241,191	1.0000	1,241,191	39.66	0.452
Oct-14	31,565	1,390,356	1.0000	1,390,356	44.05	0.568
Nov-14	31,390	2,297,467	1.0000	2,297,467	73.19	1.037
Dec-14	30,987	2,318,438	1.0000	2,318,438	74.82	1.299
Jan-15	30,729	2,710,440	1.0000	2,710,440	88.20	0.743
Feb-15	30,724	1,724,129	1.0000	1,724,129	56.12	0.930
Mar-15	30,595	2,011,490	1.0000	2,011,490	65.75	0.567
Apr-15	30,608	2,092,289	1.0000	2,092,289	68.36	0.659
May-15	30,719	1,954,345	1.0000	1,954,345	63.62	1.009
Jun-15	30,789	1,839,362	1.0000	1,839,362	59.74	1.196
Jul-15	30,747	1,994,712	1.0000	1,994,712	64.88	0.784
Aug-15	30,761	2,076,955	1.0000	2,076,955	67.52	1.460
Sep-15	30,700	2,301,945	1.0000	2,301,945	74.98	1.891
Oct-15	30,821	2,050,806	0.9980	2,054,916	66.67	1.514
Nov-15	30,658	1,863,240	0.9970	1,868,847	60.96	0.833
Dec-15	30,173	2,357,587	0.9890	2,383,809	79.01	1.056
Jan-16	30,203	2,322,451	0.9760	2,379,560	78.79	0.893
Feb-16	30,659	2,750,444	0.9390	2,929,121	95.54	1.703
FY2013	363,516			22,894,133	62.98	
FY2014	368,719			28,648,584	77.70	1.234
FY2015	370,908			23,651,173	63.77	0.821
9/14-2/15	186,689			11,682,021	62.57	
9/15-2/16	183,213			13,918,198	75.97	1.214

FY2017 STAR Health Rating Analysis  
 Estimated STAR Health Incurred Claims

Month	Number of Members	Behavioral Health Non Inpatient				Trend Factor
		Claims Incurred and Paid	Completion Factor	Estimated Incurred Claims	Estimated Incurred pmpm	
Sep-12	30,752	3,255,533	1.0000	3,255,533	105.86	
Oct-12	30,604	3,658,169	1.0000	3,658,169	119.53	
Nov-12	30,378	3,261,989	1.0000	3,261,989	107.38	
Dec-12	29,927	2,890,853	1.0000	2,890,853	96.60	
Jan-13	29,731	3,553,703	1.0000	3,553,703	119.53	
Feb-13	29,944	3,452,034	1.0000	3,452,034	115.28	
Mar-13	29,920	3,500,606	1.0000	3,500,606	117.00	
Apr-13	30,032	3,703,810	1.0000	3,703,810	123.33	
May-13	30,286	3,758,952	1.0000	3,758,952	124.12	
Jun-13	30,527	3,550,442	1.0000	3,550,442	116.30	
Jul-13	30,606	3,492,558	1.0000	3,492,558	114.11	
Aug-13	30,809	3,477,069	1.0000	3,477,069	112.86	
Sep-13	30,699	3,345,824	1.0000	3,345,824	108.99	1.030
Oct-13	30,921	3,665,308	1.0000	3,665,308	118.54	0.992
Nov-13	30,871	3,187,814	1.0000	3,187,814	103.26	0.962
Dec-13	30,423	3,072,587	1.0000	3,072,587	101.00	1.046
Jan-14	30,109	3,837,006	1.0000	3,837,006	127.44	1.066
Feb-14	30,353	3,692,487	1.0000	3,692,487	121.65	1.055
Mar-14	30,457	3,858,767	1.0000	3,858,767	126.70	1.083
Apr-14	30,646	3,939,768	1.0000	3,939,768	128.56	1.042
May-14	30,857	4,040,198	1.0000	4,040,198	130.93	1.055
Jun-14	30,948	3,882,249	1.0000	3,882,249	125.44	1.079
Jul-14	31,157	4,077,319	1.0000	4,077,319	130.86	1.147
Aug-14	31,278	3,942,248	1.0000	3,942,248	126.04	1.117
Sep-14	31,294	4,031,515	1.0000	4,031,515	128.83	1.182
Oct-14	31,565	4,277,648	1.0000	4,277,648	135.52	1.143
Nov-14	31,390	3,632,848	1.0000	3,632,848	115.73	1.121
Dec-14	30,987	3,696,595	1.0000	3,696,595	119.30	1.181
Jan-15	30,729	3,944,609	1.0000	3,944,609	128.37	1.007
Feb-15	30,724	3,707,950	1.0000	3,707,950	120.69	0.992
Mar-15	30,595	4,015,325	1.0000	4,015,325	131.24	1.036
Apr-15	30,608	4,081,294	1.0000	4,081,294	133.34	1.037
May-15	30,719	3,912,887	1.0000	3,912,887	127.38	0.973
Jun-15	30,789	4,103,129	1.0000	4,103,129	133.27	1.062
Jul-15	30,747	4,174,010	1.0000	4,174,010	135.75	1.037
Aug-15	30,761	3,923,607	1.0000	3,923,607	127.55	1.012
Sep-15	30,700	4,008,172	1.0000	4,008,172	130.56	1.013
Oct-15	30,821	4,037,619	0.9980	4,045,711	131.27	0.969
Nov-15	30,658	3,693,900	0.9970	3,705,015	120.85	1.044
Dec-15	30,173	3,633,347	0.9890	3,673,759	121.76	1.021
Jan-16	30,203	3,775,695	0.9760	3,868,540	128.08	0.998
Feb-16	30,659	3,738,447	0.9390	3,981,307	129.86	1.076
FY2013	363,516			41,555,718	114.32	
FY2014	368,719			44,541,574	120.80	1.057
FY2015	370,908			47,501,416	128.07	1.060
9/14-2/15	186,689			23,291,164	124.76	
9/15-2/16	183,213			23,282,503	127.08	1.019

FY2017 STAR Health Rating Analysis  
 Estimated STAR Health Incurred Claims

Month	Number of Members	Behavioral Health Inpatient				Trend Factor
		Claims Incurred and Paid	Completion Factor	Estimated Incurred Claims	Estimated Incurred pmpm	
Sep-12	30,752	2,080,948	1.0000	2,080,948	67.67	
Oct-12	30,604	2,388,250	1.0000	2,388,250	78.04	
Nov-12	30,378	2,072,332	1.0000	2,072,332	68.22	
Dec-12	29,927	1,749,121	1.0000	1,749,121	58.45	
Jan-13	29,731	2,074,257	1.0000	2,074,257	69.77	
Feb-13	29,944	2,103,372	1.0000	2,103,372	70.24	
Mar-13	29,920	2,070,789	1.0000	2,070,789	69.21	
Apr-13	30,032	2,324,368	1.0000	2,324,368	77.40	
May-13	30,286	2,285,446	1.0000	2,285,446	75.46	
Jun-13	30,527	2,040,836	1.0000	2,040,836	66.85	
Jul-13	30,606	1,929,991	1.0000	1,929,991	63.06	
Aug-13	30,809	1,921,098	1.0000	1,921,098	62.36	
Sep-13	30,699	1,804,207	1.0000	1,804,207	58.77	0.869
Oct-13	30,921	2,696,634	1.0000	2,696,634	87.21	1.118
Nov-13	30,871	2,291,748	1.0000	2,291,748	74.24	1.088
Dec-13	30,423	1,915,535	1.0000	1,915,535	62.96	1.077
Jan-14	30,109	2,661,758	1.0000	2,661,758	88.40	1.267
Feb-14	30,353	2,257,882	1.0000	2,257,882	74.39	1.059
Mar-14	30,457	2,613,727	1.0000	2,613,727	85.82	1.240
Apr-14	30,646	2,731,388	1.0000	2,731,388	89.13	1.152
May-14	30,857	3,053,185	1.0000	3,053,185	98.95	1.311
Jun-14	30,948	2,365,770	1.0000	2,365,770	76.44	1.143
Jul-14	31,157	2,510,780	1.0000	2,510,780	80.58	1.278
Aug-14	31,278	2,157,516	1.0000	2,157,516	68.98	1.106
Sep-14	31,294	2,518,611	1.0000	2,518,611	80.48	1.369
Oct-14	31,565	2,804,657	1.0000	2,804,657	88.85	1.019
Nov-14	31,390	2,220,176	1.0000	2,220,176	70.73	0.953
Dec-14	30,987	2,117,332	1.0000	2,117,332	68.33	1.085
Jan-15	30,729	2,507,696	1.0000	2,507,696	81.61	0.923
Feb-15	30,724	2,169,286	1.0000	2,169,286	70.61	0.949
Mar-15	30,595	2,580,396	1.0000	2,580,396	84.34	0.983
Apr-15	30,608	2,605,669	1.0000	2,605,669	85.13	0.955
May-15	30,719	2,314,494	1.0000	2,314,494	75.34	0.761
Jun-15	30,789	2,186,575	1.0000	2,186,575	71.02	0.929
Jul-15	30,747	2,228,764	1.0000	2,228,764	72.49	0.900
Aug-15	30,761	2,010,306	1.0000	2,010,306	65.35	0.947
Sep-15	30,700	2,252,886	1.0000	2,252,886	73.38	0.912
Oct-15	30,821	2,134,919	0.9980	2,139,198	69.41	0.781
Nov-15	30,658	2,067,553	0.9970	2,073,775	67.64	0.956
Dec-15	30,173	1,903,707	0.9890	1,924,881	63.80	0.934
Jan-16	30,203	2,203,298	0.9760	2,257,478	74.74	0.916
Feb-16	30,659	2,373,855	0.9390	2,528,067	82.46	1.168
FY2013	363,516			25,040,809	68.89	
FY2014	368,719			29,060,131	78.81	1.144
FY2015	370,908			28,263,962	76.20	0.967
9/14-2/15	186,689			14,337,758	76.80	
9/15-2/16	183,213			13,176,284	71.92	0.936

FY2017 STAR Health Rating Analysis  
 Estimated STAR Health Incurred Claims

Month	Number of Members	Vision				Trend Factor
		Claims Incurred and Paid	Completion Factor	Estimated Incurred Claims	Estimated Incurred pmpm	
Sep-12	30,752	66,725	1.0000	66,725	2.17	
Oct-12	30,604	77,392	1.0000	77,392	2.53	
Nov-12	30,378	66,286	1.0000	66,286	2.18	
Dec-12	29,927	54,385	1.0000	54,385	1.82	
Jan-13	29,731	74,385	1.0000	74,385	2.50	
Feb-13	29,944	74,890	1.0000	74,890	2.50	
Mar-13	29,920	71,909	1.0000	71,909	2.40	
Apr-13	30,032	70,015	1.0000	70,015	2.33	
May-13	30,286	67,137	1.0000	67,137	2.22	
Jun-13	30,527	64,962	1.0000	64,962	2.13	
Jul-13	30,606	92,145	1.0000	92,145	3.01	
Aug-13	30,809	95,760	1.0000	95,760	3.11	
Sep-13	30,699	104,847	1.0000	104,847	3.42	1.574
Oct-13	30,921	121,677	1.0000	121,677	3.94	1.556
Nov-13	30,871	94,496	1.0000	94,496	3.06	1.403
Dec-13	30,423	85,660	1.0000	85,660	2.82	1.549
Jan-14	30,109	106,648	1.0000	106,648	3.54	1.416
Feb-14	30,353	101,654	1.0000	101,654	3.35	1.339
Mar-14	30,457	105,260	1.0000	105,260	3.46	1.438
Apr-14	30,646	110,228	1.0000	110,228	3.60	1.543
May-14	30,857	103,184	1.0000	103,184	3.34	1.508
Jun-14	30,948	104,250	1.0000	104,250	3.37	1.583
Jul-14	31,157	114,143	1.0000	114,143	3.66	1.217
Aug-14	31,278	124,587	1.0000	124,587	3.98	1.282
Sep-14	31,294	117,638	1.0000	117,638	3.76	1.101
Oct-14	31,565	112,025	1.0000	112,025	3.55	0.902
Nov-14	31,390	96,864	1.0000	96,864	3.09	1.008
Dec-14	30,987	89,642	1.0000	89,642	2.89	1.027
Jan-15	30,729	105,045	1.0000	105,045	3.42	0.965
Feb-15	30,724	95,781	1.0000	95,781	3.12	0.931
Mar-15	30,595	106,860	1.0000	106,860	3.49	1.011
Apr-15	30,608	113,056	1.0000	113,056	3.69	1.027
May-15	30,719	95,247	1.0000	95,247	3.10	0.927
Jun-15	30,789	107,083	1.0000	107,083	3.48	1.032
Jul-15	30,747	123,834	1.0000	123,834	4.03	1.099
Aug-15	30,761	124,448	1.0000	124,448	4.05	1.016
Sep-15	30,700	123,943	1.0000	123,943	4.04	1.074
Oct-15	30,821	88,641	0.9980	88,818	2.88	0.812
Nov-15	30,658	108,299	0.9970	108,625	3.54	1.148
Dec-15	30,173	104,980	0.9890	106,148	3.52	1.216
Jan-16	30,203	106,246	0.9760	108,858	3.60	1.054
Feb-16	30,659	113,232	0.9390	120,588	3.93	1.262
FY2013	363,516			875,992	2.41	
FY2014	368,719			1,276,635	3.46	1.437
FY2015	370,908			1,287,525	3.47	1.003
9/14-2/15	186,689			616,996	3.30	
9/15-2/16	183,213			656,980	3.59	1.085



FY2017 STAR Health Rating Analysis  
 Estimated STAR Health Incurred Claims

Month	Number of Members	Other - PDN, DME, Therapy				
		Claims Incurred and Paid	Completion Factor	Estimated Incurred Claims	Estimated Incurred pmpm	Trend Factor
Sep-12	30,752	7,232,662	1.0000	7,232,662	235.19	
Oct-12	30,604	7,626,271	1.0000	7,626,271	249.19	
Nov-12	30,378	7,364,443	1.0000	7,364,443	242.43	
Dec-12	29,927	7,041,969	1.0000	7,041,969	235.30	
Jan-13	29,731	7,225,017	1.0000	7,225,017	243.01	
Feb-13	29,944	6,643,775	1.0000	6,643,775	221.87	
Mar-13	29,920	6,958,027	1.0000	6,958,027	232.55	
Apr-13	30,032	6,878,043	1.0000	6,878,043	229.02	
May-13	30,286	7,092,919	1.0000	7,092,919	234.20	
Jun-13	30,527	6,772,060	1.0000	6,772,060	221.84	
Jul-13	30,606	7,099,539	1.0000	7,099,539	231.97	
Aug-13	30,809	7,044,097	1.0000	7,044,097	228.64	
Sep-13	30,699	6,649,392	1.0000	6,649,392	216.60	0.921
Oct-13	30,921	6,827,757	1.0000	6,827,757	220.81	0.886
Nov-13	30,871	6,335,767	1.0000	6,335,767	205.23	0.847
Dec-13	30,423	6,288,795	1.0000	6,288,795	206.71	0.878
Jan-14	30,109	6,444,795	1.0000	6,444,795	214.05	0.881
Feb-14	30,353	5,851,243	1.0000	5,851,243	192.77	0.869
Mar-14	30,457	6,237,727	1.0000	6,237,727	204.80	0.881
Apr-14	30,646	6,201,665	1.0000	6,201,665	202.36	0.884
May-14	30,857	6,247,930	1.0000	6,247,930	202.48	0.865
Jun-14	30,948	6,097,798	1.0000	6,097,798	197.03	0.888
Jul-14	31,157	6,482,538	1.0000	6,482,538	208.06	0.897
Aug-14	31,278	6,322,357	1.0000	6,322,357	202.13	0.884
Sep-14	31,294	6,321,054	1.0000	6,321,054	201.99	0.933
Oct-14	31,565	6,637,397	1.0000	6,637,397	210.28	0.952
Nov-14	31,390	6,254,855	1.0000	6,254,855	199.26	0.971
Dec-14	30,987	6,456,015	1.0000	6,456,015	208.35	1.008
Jan-15	30,729	6,510,137	1.0000	6,510,137	211.86	0.990
Feb-15	30,724	6,008,690	1.0000	6,008,690	195.57	1.015
Mar-15	30,595	6,692,618	1.0000	6,692,618	218.75	1.068
Apr-15	30,608	6,447,883	1.0000	6,447,883	210.66	1.041
May-15	30,719	6,424,142	1.0000	6,424,142	209.13	1.033
Jun-15	30,789	6,620,397	1.0000	6,620,397	215.02	1.091
Jul-15	30,747	6,723,310	1.0000	6,723,310	218.67	1.051
Aug-15	30,761	6,468,782	1.0000	6,468,782	210.29	1.040
Sep-15	30,700	6,439,286	1.0000	6,439,286	209.75	1.038
Oct-15	30,821	6,707,425	0.9980	6,720,866	218.06	1.037
Nov-15	30,658	6,430,437	0.9970	6,449,786	210.38	1.056
Dec-15	30,173	6,704,483	0.9890	6,779,052	224.67	1.078
Jan-16	30,203	6,482,478	0.9760	6,641,883	219.91	1.038
Feb-16	30,659	6,290,444	0.9390	6,699,088	218.50	1.117
FY2013	363,516			84,978,823	233.77	
FY2014	368,719			75,987,765	206.09	0.882
FY2015	370,908			77,565,279	209.12	1.015
9/14-2/15	186,689			38,188,148	204.55	
9/15-2/16	183,213			39,729,962	216.85	1.060

FY2017 STAR Health Rating Analysis  
 Estimated STAR Health Incurred Claims

Month	Number of Members	Total			Trend Factor	
		Claims Incurred and Paid	Completion Factor	Estimated Incurred Claims		Estimated Incurred pmpm
Sep-12	30,752	18,497,717	1.0000	18,497,717	601.51	
Oct-12	30,604	19,463,743	1.0000	19,463,743	635.99	
Nov-12	30,378	18,097,609	1.0000	18,097,609	595.75	
Dec-12	29,927	16,331,355	1.0000	16,331,355	545.71	
Jan-13	29,731	18,967,199	1.0000	18,967,199	637.96	
Feb-13	29,944	17,290,409	1.0000	17,290,409	577.42	
Mar-13	29,920	18,258,978	1.0000	18,258,978	610.26	
Apr-13	30,032	18,982,344	1.0000	18,982,344	632.07	
May-13	30,286	18,407,003	1.0000	18,407,003	607.77	
Jun-13	30,527	17,721,714	1.0000	17,721,714	580.53	
Jul-13	30,606	18,244,541	1.0000	18,244,541	596.11	
Aug-13	30,809	17,319,375	1.0000	17,319,375	562.15	
Sep-13	30,699	17,990,804	1.0000	17,990,804	586.04	0.974
Oct-13	30,921	19,537,350	1.0000	19,537,350	631.85	0.993
Nov-13	30,871	17,348,704	1.0000	17,348,704	561.97	0.943
Dec-13	30,423	16,488,623	1.0000	16,488,623	541.98	0.993
Jan-14	30,109	20,248,183	1.0000	20,248,183	672.50	1.054
Feb-14	30,353	17,072,599	1.0000	17,072,599	562.47	0.974
Mar-14	30,457	19,824,408	1.0000	19,824,408	650.90	1.067
Apr-14	30,646	20,118,586	1.0000	20,118,586	656.48	1.039
May-14	30,857	18,995,091	1.0000	18,995,091	615.58	1.013
Jun-14	30,948	17,383,337	1.0000	17,383,337	561.70	0.968
Jul-14	31,157	19,538,016	1.0000	19,538,016	627.08	1.052
Aug-14	31,278	17,372,205	1.0000	17,372,205	555.41	0.988
Sep-14	31,294	17,744,437	1.0000	17,744,437	567.02	0.968
Oct-14	31,565	19,135,490	1.0000	19,135,490	606.22	0.959
Nov-14	31,390	17,743,617	1.0000	17,743,617	565.26	1.006
Dec-14	30,987	18,196,496	1.0000	18,196,496	587.23	1.083
Jan-15	30,729	19,419,903	1.0000	19,419,903	631.97	0.940
Feb-15	30,724	17,088,489	1.0000	17,088,489	556.19	0.989
Mar-15	30,595	18,986,944	1.0000	18,986,944	620.59	0.953
Apr-15	30,608	19,052,335	1.0000	19,052,335	622.46	0.948
May-15	30,719	18,106,500	1.0000	18,106,500	589.42	0.958
Jun-15	30,789	18,261,046	1.0000	18,261,046	593.10	1.056
Jul-15	30,747	18,726,475	1.0000	18,726,475	609.05	0.971
Aug-15	30,761	17,991,543	1.0000	17,991,543	584.88	1.053
Sep-15	30,700	18,979,164	1.0000	18,979,164	618.22	1.090
Oct-15	30,821	18,807,374	0.9980	18,845,064	611.44	1.009
Nov-15	30,658	17,523,886	0.9970	17,576,616	573.32	1.014
Dec-15	30,173	18,255,229	0.9890	18,458,270	611.75	1.042
Jan-16	30,203	18,580,488	0.9760	19,037,386	630.31	0.997
Feb-16	30,659	19,064,692	0.9390	20,303,187	662.23	1.191
FY2013	363,516			217,581,988	598.55	
FY2014	368,719			221,917,906	601.86	1.006
FY2015	370,908			220,453,276	594.36	0.988
9/14-2/15	186,689			109,328,433	585.62	
9/15-2/16	183,213			113,199,687	617.86	1.055

### **Attachment 3**

#### **STAR Health Trend Analysis**

The FY2017 rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience under the single health plan. The trend assumptions are established on a statewide basis for FY2016 and FY2017.

The trend analysis included a review of health plan claims experience data through April 30, 2016. Based on this information, estimates of monthly incurred claims were made through February 28, 2016. The claims cost and trend experience was reviewed separately by type of service.

The attached exhibit provides a summary of the FY2013, FY2014, FY2015 and FY2016 trends by category of service. The FY2016 trend represents the trend during the period September 2015 through February 2016. All trends have been calculated as the average cost per member per month during the specified time period compared to the same time period during the prior fiscal year. For example, the FY2015 trend is calculated as the average cost per member per month during FY2015 divided by the average cost per member per month during FY2014. The FY2012 data was not available by category of service therefore FY2013 trend information by category of service could not be determined.

All trends have been adjusted to remove the impact of the various provider reimbursement changes that have impacted the program. These adjustments are made for all items that have materially impacted historical costs and have distorted the trend from one time period to the next. For example, the carve in of personal care services on September 1, 2012 distorts the FY2013 trend given that the carve in of these services increased the average cost. As a result, the FY2013 observed trends are adjusted to remove the impact of the increased cost associated with these services to ensure the average cost during FY2012 and FY2013 are based on comparable services and reimbursement levels and the underlying trend is calculated.

The FY2016 trend assumption was developed from two components given equal weighting: (i) the observed trend for the period September 2015 through February 2016 and (ii) the projected trend for the period March 2016 through August 2016. The trend for the final six months of FY2016 were projected using experience from FY2013 (2/7 weight), FY2014 (2/7 weight), FY2015 (2/7 weight) and 9/2015-2/2016 (1/7 weight). The weighting of each time period was based on the number of months within each time period.

The FY2017 trend assumption was then developed from a simple average of the FY2013 trend, FY2014 trend, FY2015 trend and FY2016 trend.

FY2017 STAR Health Rating Analysis  
Trend Development

Historical Average Trend (1)	Professional	Outpatient - ER	Outpatient - Non ER	Inpatient	Behavioral Health		Vision	Other	Total
					Non Inpatient	Inpatient			
FY2013									0.6%
FY2014	-4.6%	4.1%	14.5%	17.5%	5.7%	14.4%	43.7%	-11.2%	0.5%
FY2015	-1.4%	5.3%	-3.6%	-17.9%	6.0%	-3.3%	0.3%	1.5%	-1.2%
9/2015-2/2016	8.6%	7.2%	4.7%	17.2%	1.9%	-6.4%	8.5%	6.0%	5.0%
Trend Assumption									
9/2015-2/2016									5.0%
3/2016-8/2016 (2)									0.7%
FY2016 (3)									2.8%
FY2017 (4)									0.7%

Footnotes:

- (1) Trends have been adjusted to remove the impact of policy and reimbursement changes
- (2) Average trend during FY2013, FY2014, FY2015 and first six months of FY2016
- (3) Average of actual 9/2015-2/2016 and assumed 3/2016-8/2016
- (4) Average trend during FY2013-FY2016

## *Attachment 4*

### Provider Reimbursement Adjustments

This attachment presents information regarding rating adjustments for the various provider reimbursement and benefit revisions that became effective (or will become effective) after the base period used in rate setting (FY2015) and before the end of FY2017.

The benefit and provider reimbursement changes recognized in the FY2017 rate setting are listed below. The rating adjustments for these provider reimbursement changes were calculated by applying actual health plan encounter data to the old and new reimbursement bases and the resulting impact determined. The attached exhibit presents a summary of the derivation of the adjustment factors.

- Beginning May 1, 2013 HHSC implemented revisions to hospital reimbursement to account for Potentially Preventable Readmissions (PPR). The reimbursement reductions amount to 1-2% depending on a hospital's performance during the evaluation time period and can change from one fiscal year to the next. A new PPR reduction list will become effective September 1, 2016; however, it was not complete at the time these rates were calculated. As a result, the adjustment factor shown in this attachment represents the restoration of reductions in effect during FY2015 which may or may not continue into FY2017. Once the final FY2017 PPR reduction list is available HHSC and the actuary will determine if an adjustment is needed to these capitation rates.
- Beginning March 1, 2014 HHSC implemented revisions to hospital reimbursement to account for Potentially Preventable Complications (PPC). The reimbursement reductions amount to 2-2.5% depending on a hospital's performance during the evaluation time period and can change from one fiscal year to the next. A new PPC list will become effective September 1, 2016; however, it was not complete at the time these rates were calculated. As a result, the adjustment factor shown in this attachment represents the restoration of those reductions that were in place during FY2015 which may or may not continue into FY2017. Once the final FY2017 PPC reduction list is available HHSC and the actuary will determine if an adjustment is needed to these capitation rates.
- Effective September 1, 2015 HHSC revised the standard dollar amounts applied to the inpatient reimbursement for certain Children's Hospitals, safety net and trauma hospitals.
- HHSC requires all managed care organizations to incorporate EVV into their management duties for Personal Assistance Services (PAS), Personal Care Services (PCS) and Private Duty Nursing (PDN). Based on an analysis of the impact of EVV on these services in the fee-for-service program the following savings assumptions have been developed:
  - PAS: 4.0%
  - PCS: 4.0%
  - PDN: 3.5%

FY2017 STAR Health Rating Analysis  
 Provider Reimbursement Adjustments  
 Estimates Based on FY2015 STAR Health Encounter Data

**Provider Reimbursement Adjustment Factor**

EVV	-967,601
Outpatient Rural Hospital Reimbursement Increase	130,223
Outpatient Rural Hospital Imaging Reimbursement Increase	9,041
Therapy Reimbursement Reduction	-2,718,592
PCS Reimbursement Increase	32,253
Carve In MDCP Services	587,413
Carve In Hospice Members	2,317,466
Total Provider Reimbursement Changes	-609,797
FY2015 Total Claims	220,453,276
Provider Reimbursement Adjustment	-0.28 %

**Hospital Adjustment Factor**

Standard Dollar Amount Increases	973,859
PPR Reduction/Restoration	8,573
PPC Reduction/Restoration	53,749
Total Hospital Reimbursement Changes	1,036,181
FY2015 Total Claims	220,453,276
Hospital Reimbursement Adjustment	0.47 %

These assumed savings factors were determined through an analysis of the EVV roll out within the FFS program during 2012 and 2013 by the Department of Aging and Disability Services (DADS). The analysis compared the units of services provided during the initial 6-12 months pre and post EVV implementation.

- Effective September 1, 2015 HHSC increased the reimbursement applicable to rural hospitals for outpatient services including imaging services.
- Effective September 1, 2015 HHSC increased the reimbursement for attendant care services including personal care services (PCS).
- Effective July 15, 2016 HHSC will make revisions to the reimbursement for certain therapy services.
- Effective November 1, 2016 STAR Health members who are eligible for the Medically Dependent Children Program (MDCP) will have their MDCP services carved into STAR Health. Prior to November 1, 2016 these members have been receiving their acute care services through STAR Health and their MDCP waiver services through The Department of Aging and Disability Services (DADS).
- Effective November 1, 2016 STAR Health members who are receiving hospice care will no longer be disenrolled from the program. The hospice services for these members will continue to be carved out and paid through the fee-for-service program however all other acute care received will be carved in.

The attached exhibit presents a summary of the rating adjustment factors. With the exception of EVV, MDCP and hospice, all adjustment factors were calculated by repricing the FY2015 base period encounter data with both the old and new reimbursement terms and comparing the relative difference. The EVV adjustment was calculated by applying the applicable savings percentages to the services included in the FY2015 base period data. The MDCP and hospice adjustment factors were calculated by accumulating the services previously carved out and paid under the FFS program.

## *Attachment 5*

### Community First Choice (CFC)

As a result of CFC, Texas is eligible for an enhanced federal match rate on all CFC eligible services. The calculation of the CFC portion of the rate has been divided into two components (1) increased cost associated with CFC implementation and (2) CFC eligible services previously included in the STAR Health premium rate.

#### 1. Increased Cost Due to CFC Implementation

It is assumed that there will be no increased cost associated with the implementation of CFC within the STAR Health program for the following reasons:

- STAR Health children who qualify for CFC previously had access to Personal Care Services (PCS).
- After CFC implementation these children are expected to receive CFC services in place of their current PCS services.
- For those CFC eligible members who now receive expanded habilitation benefits, it is expected that these services will replace therapy services current received by the member.
- Given these expected offsets in existing cost for items like PCS and therapies it has been assumed that there will be no net cost impact of CFC.

At the time of this rate development limited information was available regarding the uptake of CFC services. There has been some initial evidence in the most recent trends that there has not been a material cost impact.

#### 2. CFC Eligible Services Previously Included in STAR Health Premium Rate

Certain services such as personal care services are currently provided under the STAR Health program and are currently included in the STAR Health premium rate. These services are now eligible for the enhanced federal match rate and must be identified. This calculation involved the following steps:

- a. Determine the percentage of all claim payments which are associated with the personal care services now eligible for the enhanced CFC match.
- b. Determine the percentage of individuals receiving personal care services eligible for the enhanced CFC match. There is limited information regarding the number of STAR Health members that will be eligible for CFC services. This estimated percentage is based on information from the Department of Aging and Disability Services (DADS) and represents the percentage of recipients receiving personal care services through DADS who are eligible for CFC.
- c. The CFC eligible services previously included in the STAR Health premium rate are then determined as the current premium rate multiplied by the percentage of total



- d. claims provided for personal care services multiplied by the percentage of members eligible for CFC.

Based on this calculation the projected CFC portion of the total premium rate which is eligible for the enhanced federal match is \$3.34.

FY2017 STAR Health Rating Analysis  
CFC Enhanced Match Calculation

FY2015 Personal Care Services	3,225,324
FY2015 Total Claims	220,453,276
PCS % of Total	1.5%
% Eligible (1)	30.0%
CFC % of Total Premium (2)	0.44%
FY2017 Premium Rate	760.64
CFC Portion of Premium Rate	3.34

Footnotes:

(1) Projected percentage of total STAR Health population eligible for CFC.

(2) PCS % of Total Claims multiplied by % Eligible.