

**STATE OF TEXAS
MEDICAID MANAGED CARE
RATE SETTING
PHARMACY CARVE-IN
STATE FISCAL YEAR 2017**

Prepared for:

Texas Health and Human Services Commission

STAR: UMCC 529-12-0002 V2.19

STAR+PLUS: UMCC 529-12-0002 V2.19

STAR+PLUS MRSA Expansion: UMCC 529-13-0042 V1.10

STAR+PLUS IDD Expansion: UMCC 529-10-0020 V1.24

STAR+PLUS Nursing Facility Expansion: UMCC 529-10-0020 V1.24

STAR Health: UMCC 529-15-0001 V2.3

CHIP: UMCC 529-12-0002 V2.19

CHIP RSA: UMCC 529-08-0001 V1.20

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Rudd and Wisdom, Inc.

June 29, 2016

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I. Introduction

Rudd and Wisdom, Inc. has been retained by HHSC to develop the portion of the managed care capitation rates attributable to pharmacy services for the period fiscal year 2017 (FY2017, September 1, 2016 through August 31, 2017) for those managed care organizations (MCOs) participating in the Texas Medicaid and CHIP programs. This report presents the rating methodology and assumptions used in developing the pharmacy capitation rates.

Rudd and Wisdom, Inc. has provided actuarial services to the Texas Medicaid program for over 30 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 capitation rates documented in this report.

Rudd and Wisdom, Inc. 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 March 2012 through February 2016. These files (provided by HHSC) include identification information, health plan code, risk group, ZIP Code and date of birth for all Medicaid and CHIP members.
- Projected monthly enrollment by program, service area, health plan and risk group for FY2017. These projections were prepared by HHSC System Forecasting staff.
- Financial Statistical Reports (FSR) for each participating MCO for fiscal years ending August 31, 2013, August 31, 2014 and August 31, 2015 and the 6-month period ending February 29, 2016. 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 March 2012 through March 2016 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 2016 provided by HHSC. 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.
- Information from HHSC regarding recent changes in covered prescription drug services and pharmacy reimbursement under the Vendor Drug Program (VDP).
- Information provided by the MCOs regarding changes in reimbursement for drugs purchased under the 340B Drug Pricing Program.
- Information provided by HHSC regarding claim payments for the drug 17P made under the medical program.

- Pharmacy claim lag reports provided by the MCOs which include monthly paid claim amounts by incurred month by program, service area, health plan and risk group for the period March 2012 through February 2016.
- Pharmacy refund and expense information provided by the MCOs regarding items not included in the claims lag reports.
- FY2015 acuity risk adjustment analysis provided by the External Quality Review Organization (EQRO) for each participating health plan.
- Information from MCOs regarding administrative cost, pharmacy reimbursement and other provisions included in their PBM contracts.

After accumulating all of the information to be used in the rate setting process, a comparison of the various sources of claims data was performed to check for consistency. We compared (i) the claim lag reports provided by the HMOs, (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 reasonableness review performed by Rudd and Wisdom, HHSC employs the Institute for Child Health Policy (ICHP) as an EQRO. ICHP reviews the detail encounter data and provides a data quality certification. Below is an excerpt from their FY2015 data certification report:

Based on an administrative review, the EQRO considers the required data elements for [program] 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

The actuarial model used to derive the FY2017 MCO pharmacy capitation 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 (January 1, 2015 through December 31, 2015) 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 and STAR+PLUS
- MRSA Northeast Service Area – STAR and STAR+PLUS
- MRSA West Service Area – STAR and STAR+PLUS
- Rural Service Area (RSA) - CHIP only

The risk groups included in the analysis are as follows:

STAR Program

- 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

STAR+PLUS Program

- Medicaid Only – Other Community Care (OCC)
- Medicaid Only – Home and Community Based Services (HCBS)
- IDD Under Age 21
- IDD Age 21 and Over
- Medicaid Only – Nursing Facility

CHIP Program

- Children Under Age One Year
- Children Ages 1 to 5 Years
- Children Ages 6 to 14 Years
- Children Ages 15 to 18 Years

CHIP Perinatal Program

- Perinate Under 198% FPL
- Perinate Between 198% and 202% FPL
- Perinate Newborns Between 198% and 202% FPL

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

The pharmacy capitation rates include provision for all prescription drugs purchased through pharmacy providers by managed care clients. Anti-viral agents used for the treatment of Hepatitis C virus and the drug Orkambi are not included in the capitation rates. These drugs are carved out and the cost is reimbursed to the MCOs through a FFS arrangement.

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 IV 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 capitation 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, service area and risk group 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 IV below under Risk Adjustment.

III. Expansion Populations

The Medicaid Rural Service Area (MRSA) is comprised of three service areas – Central, Northeast and West. Together with the previous STAR and STAR+PLUS service areas, Texas Medicaid managed care now covers all of Texas. Effective September 1, 2014, the STAR+PLUS program expanded to include the MRSA service areas. Prior to September 1, 2014, Medicaid Only SSI clients in the MRSA were covered under managed care in STAR.

Effective September 1, 2014, a new covered population, the Intellectual and Developmental Disabilities (IDD) program, was added to STAR+PLUS. Prior to September 1, 2014, IDD clients in non-MRSA areas received Medicaid services through FFS and, in MRSA areas, some IDD clients received services through FFS and some through STAR.

Effective March 1, 2015, STAR+PLUS expanded to include nursing facility clients. Prior to that date nursing facility clients received Medicaid services through FFS.

IV. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2017 pharmacy capitation rate setting process.

Trend Factors

The rating methodology uses assumed trend factors to adjust the base period (January 1, 2015 through December 31, 2015) claims cost to the rating period (FY2017). 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 and the actuary's professional judgment regarding anticipated future cost changes. The trend rate assumption varies by program and risk group but is the same for all service areas.

The trend analysis included a review of managed care utilization and cost experience data paid through March 31, 2016. Utilization (days supply per member) and cost per service (plan payments per days supply) statistics were developed by program, risk group and drug type (brand, generic and specialty) through February 2016. From this experience, the average annual utilization and cost per service were determined for each of the four 12-month periods ending February 2016.

Only those drugs covered under the capitated arrangement are included in the trend analysis. Anti-viral agents used for the treatment of Hepatitis C virus and the drug Orkambi are not included in the analysis as those drugs are carved out of the managed care contract. In addition, due to the significant variation in the intensity of flu season in recent years, we removed the drug Tamiflu from our trend analysis.

The trend assumptions for the remainder of FY2016 and all of FY2017 were developed using the following formula. For each program/risk group/drug type combination, the utilization and cost per service trend assumptions were set equal to one-third the experience trend rate for the 12-month period ending February 2015 plus two-thirds the experience trend rate for the 12-month period ending February 2016. Some subjective adjustments were required in the event that a specific utilization or cost per service trend was unreasonably high or low, due to small sample size, shock claim or other reasons. The final cost trend assumption for each program and risk group was then determined by applying the assumed utilization and cost per service trends by individual drug type to actual experience for the 12-month period ending February 2016 and combining the results into a single trend assumption.

For STAR+PLUS, the MRSA expansion area and the IDD population entered the program effective September 1, 2014 and the nursing facility populations became effective March 1, 2015. These service areas and populations were excluded from the STAR+PLUS trend analysis in order to avoid distorting the historical average costs and resulting trends. The trend assumption applied to the IDD and nursing facility clients was set equal to the average STAR+PLUS trend for all clients included in the trend analysis (7.3%).

Attachment 3 is a summary of the pharmacy trend analysis. Please note that the MCOs were provided a detailed trend analysis file which included the historical utilization and

cost experience as well as all of the formulas and assumptions used in developing the trend assumptions.

340B Program

HHSC instituted a new reimbursement method for Health Resources and Services Administration (HRSA) 340B Drug Pricing Program drugs (340B drugs) in FFS which significantly reduced pharmacy reimbursement for those drugs. The MCOs designed 340B drug reimbursement revisions in order to achieve comparable savings. These MCO reimbursement adjustments were implemented on December 1, 2014. Effective June 1, 2016, HHSC increased pharmacy reimbursement for 340B drugs. Attachment 4 presents an analysis of the anticipated cost impact of these reimbursement changes on each program.

Makena

Makena is a prescription drug prescribed to lower the risk of preterm birth. MCOs have commonly used a much less expensive, compounded version of the drug for years. Recently, the FDA expanded the patent for Makena to effectively prevent the use of 17P. As a result, the utilization of Makena will increase in the Texas Medicaid and CHIP programs. Attachment 5 presents an analysis of the anticipated additional cost from the change in coverage for Makena.

STAR+PLUS Nursing Facility Population

Effective March 1, 2015, the STAR+PLUS program expanded to include eligible clients residing in a nursing facility. The methodology and assumptions used to develop the FY2017 pharmacy capitation rates for the nursing facility population are the same as other STAR+PLUS risk groups with one exception. In order to include a full 12 months of experience, we selected March 2015 through February 2016 as the base period, thus avoiding the necessity for a seasonality adjustment. We included claim payments through March 31, 2016. Corresponding adjustments were made to the trending period for the nursing facility risk group.

STAR Kids

STAR Kids is a new managed care program for disabled children which will become effective November 1, 2016. Capitation rates for the STAR Kids program are not included in this report and will be presented in a separate report.

Some children, currently enrolled in the STAR+PLUS Medicaid-only OCC risk group, will move to the new STAR Kids program effective November 1, 2016. These children tend to cost less than the average Medicaid-only OCC client. As a result, the population remaining after implementation of STAR Kids will have a higher average pharmacy cost. Attachment 6 presents the derivation of the adjustment factors developed to recognize the impact on STAR+PLUS from the implementation of STAR Kids.

Family Planning Adjustment

In past years, two of the MCOs that participate in the STAR and CHIP programs have not provided family planning services. In these cases, family planning services are carved out and paid for through FFS. In developing the base period experience for these MCOs, we included family planning prescription drugs paid for through FFS.

Effective September 1, 2015, Christus Health Plan, a STAR and CHIP MCO in the Nueces County service area, began including family planning services under the capitated arrangement. As a result, a family planning adjustment is no longer required for Christus Health Plan. HHSC's contract with Seton Health Plan, a STAR and CHIP MCO in the Travis County service area, continues to exclude family planning services and a rating adjustment continues to apply.

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, the Perinate Between 198% and 202% FPL and Perinate Newborns Between 198% and 202% FPL risk groups in CHIP Perinatal and the IDD Under Age 21 risk group in STAR+PLUS. In those cases we have developed a statewide capitation rate which applies to all MCOs in all service areas.

Risk Adjustment

Several risk adjustment techniques are employed in the rate setting methodology. Capitation 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 (ICHP). The methodology used to incorporate the acuity risk adjustment is the Chronic Illness and Disability Payment System (CDPS). The same acuity risk adjustment factors are used for pharmacy rates as are used for medical. Additional information regarding acuity risk adjustment is included in the reports listed below which document the medical and long term care components of the capitation rates.

- State of Texas Medicaid Managed Care STAR Program Rate Setting State Fiscal Year 2017 (for STAR clients)
- State of Texas Medicaid Managed Care STAR+PLUS Program Rate Setting State Fiscal Year 2017 (for STAR+PLUS, STAR+PLUS MRSA, STAR+PLUS IDD and STAR+PLUS Nursing Facility clients)
- State of Texas Medicaid Managed Care STAR Health Program Rate Setting State Fiscal Year 2017 (for STAR Health clients)

- State of Texas Children's Health Insurance Program CHIP Rate Setting State Fiscal Year 2017 (for CHIP and CHIP Perinatal clients)

For all STAR, STAR+PLUS and CHIP services areas, we used 100% of the risk adjustment factors without adjustment. As a result of insufficient experience data, no acuity risk adjustment was made for the STAR+PLUS Nursing Facility expansion population.

Although the results of the risk adjustment analysis were reviewed for reasonableness, Rudd and Wisdom, Inc. 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.

V. Administrative Fees, Taxes and Risk Margin

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

The capitation rates included in this document do not include provision for the Affordable Care Act (ACA) Health Insurance Providers Fee. HHSC has developed a procedure for reimbursing the MCOs 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 separately based on a CMS-approved methodology.

VI. Summary

Attachment 1 presents the results of the FY2017 pharmacy rating analysis for each of the Medicaid and CHIP managed care programs.

VII. Actuarial Certification of FY2017 Pharmacy Capitation Rates

I, David G. Wilkes, am a principal with the firm of Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom, Inc.). 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.

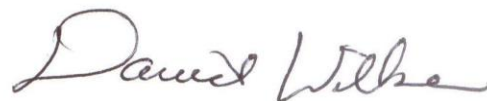
Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their pharmacy rate-setting methodology, assumptions and resulting capitation rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c). The capitation rates for the pharmacy program are effective for the period fiscal year 2017 (FY2017, September 1, 2016 through August 31, 2017).

I certify that the pharmacy capitation rates developed by HHSC and Rudd and Wisdom, Inc. satisfy the following:

- (a) The capitation rates have been developed in accordance with generally accepted actuarial principles and practices;
- (b) The capitation rates are appropriate for the populations and services covered under the managed care contract; and
- (c) The capitation 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, Inc. 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.

VIII. Attachments

Attachment 1

Summary of Pharmacy Rating Analysis

The attached exhibit presents the resulting FY2017 pharmacy capitation rates. The exhibit includes monthly capitation rates by service area, health plan and risk group for the STAR, STAR+PLUS, STAR Health, CHIP and CHIP Perinatal programs.

FY2017 Pharmacy Rate Setting
Monthly per-Capita Premium Rates

STAR Program

| Service Area/MCO | Children <1 | Children 1-5 | Children 6-14 | Children 15-18 | Children 19-20 | TANF Adults | Pregnant Women |
|-----------------------|----------------|-----------------|------------------|-------------------|-------------------|----------------|-------------------|
| Bexar-Aetna | \$ 16.32 | \$ 18.86 | \$ 34.57 | \$ 33.75 | \$ 32.16 | \$ 103.88 | \$ 89.93 |
| Bexar-Amerigroup | 17.04 | 20.06 | 36.05 | 30.75 | 24.51 | 154.88 | 92.44 |
| Bexar-CFHP | 16.33 | 21.13 | 42.00 | 40.94 | 38.08 | 127.78 | 89.93 |
| Bexar-Superior | 17.63 | 21.95 | 41.09 | 41.38 | 39.37 | 139.60 | 92.35 |
| Dallas-Amerigroup | 19.33 | 24.30 | 40.39 | 39.89 | 46.41 | 105.39 | 78.85 |
| Dallas-Molina | 21.46 | 23.92 | 35.02 | 39.33 | 41.95 | 111.21 | 78.83 |
| Dallas-Parkland | 22.45 | 26.92 | 40.46 | 41.79 | 53.31 | 98.84 | 78.29 |
| El Paso-El Paso First | 28.17 | 25.29 | 42.69 | 41.45 | 37.79 | 117.57 | 126.81 |
| El Paso-Molina | 29.50 | 25.97 | 31.77 | 39.17 | 60.02 | 161.37 | 120.33 |
| El Paso-Superior | 29.51 | 22.47 | 38.48 | 39.26 | 41.49 | 109.78 | 124.25 |
| Harris-Amerigroup | 20.42 | 20.10 | 33.55 | 34.62 | 81.61 | 147.56 | 82.45 |
| Harris-CHC | 20.39 | 23.30 | 36.46 | 37.63 | 94.58 | 118.34 | 83.91 |
| Harris-Molina | 16.25 | 21.06 | 35.89 | 37.45 | 80.56 | 182.02 | 78.74 |
| Harris-TCHP | 17.86 | 22.34 | 40.22 | 42.32 | 85.96 | 102.58 | 80.36 |
| Harris-United | 19.59 | 26.72 | 38.95 | 44.36 | 128.93 | 157.60 | 84.38 |
| Hidalgo-Driscoll | 46.20 | 42.28 | 47.45 | 43.55 | 53.20 | 117.27 | 94.59 |
| Hidalgo-Molina | 41.97 | 37.18 | 47.09 | 45.03 | 48.01 | 172.94 | 91.76 |
| Hidalgo-Superior | 42.51 | 45.48 | 52.97 | 47.29 | 57.97 | 169.38 | 93.97 |
| Hidalgo-United | 42.18 | 44.34 | 52.77 | 48.17 | 55.25 | 170.05 | 94.47 |
| Jefferson-Amerigroup | 23.71 | 25.60 | 53.11 | 42.21 | 68.27 | 151.53 | 63.59 |
| Jefferson-CHC | 23.28 | 23.24 | 57.13 | 48.27 | 55.88 | 128.34 | 65.90 |
| Jefferson-Molina | 26.13 | 26.99 | 60.52 | 44.82 | 35.02 | 158.09 | 63.05 |
| Jefferson-TCHP | 24.83 | 27.87 | 62.16 | 48.95 | 61.70 | 121.38 | 65.87 |
| Jefferson-United | 23.32 | 26.07 | 60.88 | 48.54 | 53.12 | 156.86 | 70.64 |
| Lubbock-Amerigroup | 20.33 | 23.46 | 38.44 | 38.82 | 22.07 | 141.43 | 78.09 |
| Lubbock-Firstcare | 20.88 | 26.80 | 42.60 | 48.10 | 28.67 | 145.78 | 79.74 |
| Lubbock-Superior | 18.10 | 27.49 | 44.44 | 45.02 | 27.93 | 141.72 | 83.04 |
| Nueces-Christus | 23.61 | 25.29 | 51.79 | 41.82 | 19.55 | 150.17 | 89.46 |
| Nueces-Driscoll | 23.63 | 31.43 | 62.18 | 49.82 | 24.85 | 124.01 | 90.86 |
| Nueces-Superior | 25.81 | 29.22 | 59.82 | 50.09 | 25.20 | 167.42 | 91.51 |
| Tarrant-Aetna | 19.50 | 20.12 | 32.44 | 33.07 | 54.97 | 130.32 | 86.19 |
| Tarrant-Amerigroup | 17.93 | 19.77 | 36.96 | 37.83 | 58.42 | 154.02 | 84.80 |
| Tarrant-Cook | 17.27 | 21.10 | 42.52 | 41.66 | 58.42 | 107.92 | 82.10 |
| Travis-BCBSTX | 14.01 | 17.14 | 30.17 | 34.04 | 26.56 | 109.63 | 75.06 |
| Travis-Sendero | 15.19 | 19.05 | 32.06 | 39.82 | 28.20 | 107.70 | 76.38 |
| Travis-Seton | 14.02 | 16.62 | 33.33 | 33.44 | 24.85 | 112.44 | 66.17 |
| Travis-Superior | 17.30 | 16.32 | 33.93 | 37.67 | 28.98 | 124.79 | 75.05 |
| MRSA Cent-Amerigroup | 15.35 | 17.55 | 36.78 | 28.89 | 26.76 | 102.45 | 64.51 |
| MRSA Cent-S&W | 21.98 | 19.09 | 44.64 | 44.95 | 30.70 | 123.37 | 68.46 |
| MRSA Cent-Superior | 21.45 | 17.79 | 42.79 | 38.35 | 26.77 | 123.72 | 67.54 |
| MRSA NE-Amerigroup | 22.98 | 27.84 | 48.59 | 53.38 | 41.73 | 162.24 | 90.04 |
| MRSA NE-Superior | 22.19 | 24.02 | 47.30 | 51.51 | 47.82 | 152.77 | 89.04 |
| MRSA West-Amerigroup | 17.76 | 18.38 | 37.20 | 34.63 | 50.21 | 159.54 | 67.55 |
| MRSA West-Firstcare | 18.00 | 18.13 | 39.21 | 39.38 | 45.85 | 156.37 | 67.28 |

FY2017 Pharmacy Rate Setting
Monthly per-Capita Premium Rates

| | | | | | | | |
|--------------------|-------|-------|-------|-------|-------|--------|-------|
| MRSA West-Superior | 17.53 | 17.99 | 40.55 | 36.88 | 45.90 | 153.20 | 68.09 |
|--------------------|-------|-------|-------|-------|-------|--------|-------|

STAR+PLUS Program

| <u>Service Area</u> | <u>Medicaid Only OCC</u> | <u>Medicaid Only HCBS</u> | <u>IDD < Age 21</u> | <u>IDD Age 21+</u> | <u>Nursing Facility</u> |
|-------------------------|----------------------------------|-----------------------------------|----------------------------|------------------------|-----------------------------|
| Bexar-Amerigroup | \$ 440.67 | \$ 926.65 | \$ 641.16 | \$ 506.54 | \$ 808.89 |
| Bexar-Molina | 381.25 | 858.76 | 641.16 | 382.68 | 808.89 |
| Bexar-Superior | 470.08 | 977.27 | 641.16 | 627.87 | 808.89 |
| Dallas-Molina | 393.72 | 775.48 | 641.16 | 369.83 | 676.93 |
| Dallas-Superior | 386.26 | 825.60 | 641.16 | 377.13 | 676.93 |
| El Paso-Amerigroup | 475.21 | 1,039.67 | 641.16 | 653.67 | 639.01 |
| El Paso-Molina | 526.56 | 943.39 | 641.16 | 680.86 | 639.01 |
| Harris-Amerigroup | 482.22 | 1,036.87 | 641.16 | 551.73 | 762.56 |
| Harris-Molina | 438.84 | 977.68 | 641.16 | 606.66 | 762.56 |
| Harris-United | 538.71 | 972.42 | 641.16 | 588.47 | 762.56 |
| Hidalgo-Healthspring | 482.14 | 943.63 | 641.16 | 392.29 | 655.25 |
| Hidalgo-Molina | 495.37 | 1,093.64 | 641.16 | 468.28 | 655.25 |
| Hidalgo-Superior | 534.92 | 1,064.06 | 641.16 | 492.04 | 655.25 |
| Jefferson-Amerigroup | 427.71 | 967.74 | 641.16 | 500.18 | 722.38 |
| Jefferson-Molina | 431.91 | 887.25 | 641.16 | 445.35 | 722.38 |
| Jefferson-United | 506.80 | 892.35 | 641.16 | 473.72 | 722.38 |
| Lubbock-Amerigroup | 456.71 | 816.40 | 641.16 | 454.81 | 966.77 |
| Lubbock-Superior | 441.06 | 1,067.50 | 641.16 | 452.80 | 966.77 |
| Nueces-Superior | 451.94 | 897.28 | 641.16 | 533.72 | 793.54 |
| Nueces-United | 484.97 | 922.77 | 641.16 | 593.10 | 793.54 |
| Tarrant-Amerigroup | 486.57 | 1,103.05 | 641.16 | 537.46 | 843.87 |
| Tarrant-Healthspring | 398.51 | 1,020.90 | 641.16 | 422.76 | 843.87 |
| Travis-Amerigroup | 486.49 | 1,132.22 | 641.16 | 434.14 | 1,038.15 |
| Travis-United | 486.88 | 1,114.75 | 641.16 | 661.01 | 1,038.15 |
| MRSA Central - Superior | 414.56 | 814.24 | 641.16 | 468.29 | 651.42 |
| MRSA Central - United | 370.38 | 910.92 | 641.16 | 444.91 | 651.42 |
| MRSA NE - Healthspring | 381.31 | 920.32 | 641.16 | 477.30 | 740.67 |
| MRSA NE - United | 422.22 | 1,010.43 | 641.16 | 492.56 | 740.67 |
| MRSA West - Amerigroup | 410.39 | 827.85 | 641.16 | 492.61 | 786.77 |
| MRSA West - Superior | 444.34 | 833.33 | 641.16 | 562.73 | 786.77 |

STAR Health Program \$ 161.07

FY2017 Pharmacy Rate Setting
Monthly per-Capita Premium Rates

CHIP Program

| Service Area | CHIP | | | | CHIP Perinatal | | |
|-----------------------|-----------|------------|-------------|--------------|-------------------|----------------------|---------------------|
| | Age <1 | Age 1-5 | Age 6-14 | Age 15-18 | Perinate <198% | Perinate 198-202% | Newborn 198-202% |
| Bexar-Aetna | \$ 19.20 | \$ 18.72 | \$ 38.68 | \$ 29.70 | \$ 37.93 | \$ 41.01 | \$ 16.29 |
| Bexar-Amerigroup | 19.20 | 15.78 | 24.45 | 28.33 | 37.93 | 41.01 | 16.29 |
| Bexar-CFHP | 19.20 | 22.45 | 36.42 | 36.46 | 37.93 | 41.01 | 16.29 |
| Bexar-Superior | 19.20 | 20.49 | 38.86 | 37.48 | 37.93 | 41.01 | 16.29 |
| Dallas-Amerigroup | 19.20 | 19.66 | 37.61 | 51.56 | 22.01 | 41.01 | 16.29 |
| Dallas-Molina | 19.20 | 16.95 | 29.46 | 35.30 | 22.01 | 41.01 | 16.29 |
| Dallas-Parkland | 19.20 | 20.20 | 37.57 | 51.35 | 22.01 | 41.01 | 16.29 |
| El Paso-El Paso First | 19.20 | 17.13 | 31.43 | 25.82 | 94.40 | 41.01 | 16.29 |
| El Paso-Superior | 19.20 | 18.38 | 27.50 | 24.10 | 94.40 | 41.01 | 16.29 |
| Harris-Amerigroup | 19.20 | 16.34 | 28.89 | 37.44 | 58.54 | 41.01 | 16.29 |
| Harris-CHC | 19.20 | 20.13 | 30.57 | 39.47 | 58.54 | 41.01 | 16.29 |
| Harris-Molina | 19.20 | 15.05 | 28.63 | 31.48 | 58.54 | 41.01 | 16.29 |
| Harris-TCHP | 19.20 | 19.47 | 36.56 | 55.21 | 58.54 | 41.01 | 16.29 |
| Harris-United | 19.20 | 15.08 | 29.60 | 41.51 | 58.54 | 41.01 | 16.29 |
| Jefferson-Amerigroup | 19.20 | 36.89 | 40.25 | 47.46 | 44.53 | 41.01 | 16.29 |
| Jefferson-CHC | 19.20 | 30.65 | 47.02 | 47.96 | 44.53 | 41.01 | 16.29 |
| Jefferson-Molina | 19.20 | 56.79 | 52.75 | 28.03 | 44.53 | 41.01 | 16.29 |
| Jefferson-TCHP | 19.20 | 29.68 | 59.60 | 64.00 | 44.53 | 41.01 | 16.29 |
| Jefferson-United | 19.20 | 19.10 | 43.01 | 43.25 | 44.53 | 41.01 | 16.29 |
| Lubbock-Firstcare | 19.20 | 19.79 | 37.51 | 39.42 | 52.37 | 41.01 | 16.29 |
| Lubbock-Superior | 19.20 | 18.36 | 37.35 | 42.87 | 52.37 | 41.01 | 16.29 |
| Nueces-Christus | 19.20 | 22.87 | 36.78 | 27.82 | 64.12 | 41.01 | 16.29 |
| Nueces-Driscoll | 19.20 | 31.16 | 50.11 | 38.89 | 64.12 | 41.01 | 16.29 |
| Nueces-Superior | 19.20 | 24.38 | 46.35 | 31.59 | 64.12 | 41.01 | 16.29 |
| Tarrant-Aetna | 19.20 | 15.37 | 25.12 | 33.29 | 53.42 | 41.01 | 16.29 |
| Tarrant-Amerigroup | 19.20 | 15.61 | 30.61 | 36.03 | 53.42 | 41.01 | 16.29 |
| Tarrant-Cook | 19.20 | 18.98 | 35.64 | 38.06 | 53.42 | 41.01 | 16.29 |
| Travis-BCBSTX | 19.20 | 19.33 | 29.13 | 36.20 | 32.46 | 41.01 | 16.29 |
| Travis-Sendero | 19.20 | 14.61 | 24.54 | 26.18 | 32.46 | 41.01 | 16.29 |
| Travis-Seton | 19.20 | 16.79 | 34.84 | 38.43 | 32.46 | 41.01 | 16.29 |
| Travis-Superior | 19.20 | 17.36 | 32.25 | 37.96 | 32.46 | 41.01 | 16.29 |
| RSA-Molina | 19.20 | 27.17 | 38.26 | 40.25 | 64.20 | 41.01 | 16.29 |
| RSA-Superior | 19.20 | 31.78 | 46.83 | 48.69 | 64.20 | 41.01 | 16.29 |

Attachment 2

Community Experience Analysis

The following exhibits present a summary of the pharmacy experience analysis performed for each Medicaid and CHIP managed care program and service area. HHSC utilizes a community rating methodology in setting the pharmacy capitation 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 FY2017 pharmacy community capitation 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 capitation 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 (generally January 1, 2015 through December 31, 2015) 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
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 248,143 | | 834,940 | | 1,256,437 | | 376,329 | | 7,931 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 3,713,755 | 14.97 | 15,780,747 | 18.90 | 43,625,305 | 34.72 | 12,933,859 | 34.37 | 235,846 | 29.74 |
| Other Costs/Refunds | -67,948 | -0.27 | -250,936 | -0.30 | -613,914 | -0.49 | -195,790 | -0.52 | -3,941 | -0.50 |
| Total Cost | 3,645,808 | 14.69 | 15,529,811 | 18.60 | 43,011,391 | 34.23 | 12,738,069 | 33.85 | 231,905 | 29.24 |
| Projected FY2017 Member Months | 250,321 | | 870,852 | | 1,305,414 | | 396,070 | | 8,506 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0007 | | 1.0000 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 3,647,218 | 14.57 | 16,197,778 | 18.60 | 48,859,064 | 37.43 | 14,529,032 | 36.68 | 291,545 | 34.28 |
| Administrative Expenses | 450,578 | 1.80 | 1,567,534 | 1.80 | 2,349,745 | 1.80 | 712,925 | 1.80 | 15,310 | 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 | 4,257,450 | 17.01 | 18,457,467 | 21.19 | 53,203,957 | 40.76 | 15,835,800 | 39.98 | 318,811 | 37.48 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 167,309 | | 137,017 | | 3,028,105 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 17,489,575 | 104.53 | 7,881,595 | 57.52 | 101,660,683 | 33.57 |
| Other Costs/Refunds | -145,422 | -0.87 | -202,106 | -1.48 | -1,480,056 | -0.49 |
| Total Cost | 17,344,154 | 103.67 | 7,679,490 | 56.05 | 100,180,628 | 33.08 |
| Projected FY2017 Member Months | 173,352 | | 144,760 | | 3,149,274 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0092 | | 1.1327 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 21,613,648 | 124.68 | 12,453,512 | 86.03 | 117,591,797 | 37.34 |
| Administrative Expenses | 312,033 | 1.80 | 260,568 | 1.80 | 5,668,694 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 22,779,928 | 131.41 | 13,209,434 | 91.25 | 128,062,847 | 40.66 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 380,162 | | 1,410,558 | | 2,215,105 | | 602,524 | | 8,225 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 7,055,306 | 18.56 | 32,409,804 | 22.98 | 75,291,397 | 33.99 | 20,883,120 | 34.66 | 320,563 | 38.98 |
| Other Costs/Refunds | -93,525 | -0.25 | -336,524 | -0.24 | -517,274 | -0.23 | -141,965 | -0.24 | -1,956 | -0.24 |
| Total Cost | 6,961,782 | 18.31 | 32,073,280 | 22.74 | 74,774,123 | 33.76 | 20,741,155 | 34.42 | 318,608 | 38.74 |
| Projected FY2017 Member Months | 385,488 | | 1,459,643 | | 2,293,517 | | 636,042 | | 8,325 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0019 | | 1.0003 | | 1.0002 | | 1.0007 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0002 | | 1.0000 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 7,013,884 | 18.19 | 33,199,340 | 22.74 | 84,664,239 | 36.91 | 23,733,471 | 37.31 | 378,030 | 45.41 |
| Administrative Expenses | 693,878 | 1.80 | 2,627,358 | 1.80 | 4,128,331 | 1.80 | 1,144,875 | 1.80 | 14,986 | 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 | 8,008,064 | 20.77 | 37,222,543 | 25.50 | 92,252,021 | 40.22 | 25,847,632 | 40.64 | 408,328 | 49.05 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 153,580 | | 166,835 | | 4,936,988 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 12,678,040 | 82.55 | 8,562,097 | 51.32 | 157,200,327 | 31.84 |
| Other Costs/Refunds | -37,858 | -0.25 | -40,540 | -0.24 | -1,169,642 | -0.24 |
| Total Cost | 12,640,182 | 82.30 | 8,521,556 | 51.08 | 156,030,685 | 31.60 |
| Projected FY2017 Member Months | 158,267 | | 179,735 | | 5,121,017 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0001 | | 1.0000 | | | |
| Makena Adjustment | 1.0018 | | 1.0670 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 15,553,388 | 98.27 | 13,273,829 | 73.85 | 177,816,182 | 34.72 |
| Administrative Expenses | 284,881 | 1.80 | 323,522 | 1.80 | 9,217,831 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 16,455,345 | 103.97 | 14,127,119 | 78.60 | 194,321,053 | 37.95 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 110,241 | | 401,284 | | 656,083 | | 233,238 | | 3,819 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 2,896,446 | 26.27 | 8,645,074 | 21.54 | 22,461,882 | 34.24 | 8,048,049 | 34.51 | 111,721 | 29.26 |
| Other Costs/Refunds | -20,902 | -0.19 | -82,215 | -0.20 | -167,086 | -0.25 | -65,420 | -0.28 | -1,068 | -0.28 |
| Total Cost | 2,875,543 | 26.08 | 8,562,859 | 21.34 | 22,294,796 | 33.98 | 7,982,628 | 34.23 | 110,652 | 28.98 |
| Projected FY2017 Member Months | 111,033 | | 416,688 | | 678,289 | | 244,986 | | 3,940 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0793 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 2,872,094 | 25.87 | 8,891,577 | 21.34 | 25,200,764 | 37.15 | 9,080,586 | 37.07 | 144,430 | 36.66 |
| Administrative Expenses | 199,859 | 1.80 | 750,039 | 1.80 | 1,220,920 | 1.80 | 440,975 | 1.80 | 7,091 | 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 | 3,191,639 | 28.75 | 10,017,263 | 24.04 | 27,451,101 | 40.47 | 9,892,530 | 40.38 | 157,425 | 39.96 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 64,006 | | 57,314 | | 1,525,984 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 5,790,517 | 90.47 | 3,485,108 | 60.81 | 51,438,796 | 33.71 |
| Other Costs/Refunds | -20,112 | -0.31 | -51,874 | -0.91 | -408,678 | -0.27 |
| Total Cost | 5,770,405 | 90.15 | 3,433,234 | 59.90 | 51,030,119 | 33.44 |
| Projected FY2017 Member Months | 66,088 | | 60,692 | | 1,581,715 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0001 | | 1.0000 | | | |
| Makena Adjustment | 1.0339 | | 1.4668 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 7,342,008 | 111.10 | 7,226,275 | 119.06 | 60,757,733 | 38.41 |
| Administrative Expenses | 118,958 | 1.80 | 109,246 | 1.80 | 2,847,087 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 7,751,653 | 117.29 | 7,621,320 | 125.57 | 66,082,930 | 41.78 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 683,911 | | 2,415,865 | | 3,560,157 | | 1,001,135 | | 13,982 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 11,709,888 | 17.12 | 48,593,576 | 20.11 | 113,569,717 | 31.90 | 33,854,660 | 33.82 | 1,044,701 | 74.72 |
| Other Costs/Refunds | -138,259 | -0.20 | -482,474 | -0.20 | -712,582 | -0.20 | -199,834 | -0.20 | -2,657 | -0.19 |
| Total Cost | 11,571,629 | 16.92 | 48,111,102 | 19.91 | 112,857,135 | 31.70 | 33,654,826 | 33.62 | 1,042,044 | 74.53 |
| Projected FY2017 Member Months | 696,252 | | 2,507,130 | | 3,701,589 | | 1,049,923 | | 14,157 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 11,682,429 | 16.78 | 49,928,596 | 19.91 | 128,292,742 | 34.66 | 38,224,168 | 36.41 | 1,236,775 | 87.36 |
| Administrative Expenses | 1,253,254 | 1.80 | 4,512,833 | 1.80 | 6,662,859 | 1.80 | 1,889,861 | 1.80 | 25,483 | 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 | 13,439,670 | 19.30 | 56,562,524 | 22.56 | 140,213,612 | 37.88 | 41,676,914 | 39.70 | 1,311,437 | 92.64 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 295,964 | | 306,772 | | 8,277,786 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 30,417,917 | 102.78 | 17,316,016 | 56.45 | 256,506,475 | 30.99 |
| Other Costs/Refunds | -57,748 | -0.20 | -59,670 | -0.19 | -1,653,223 | -0.20 |
| Total Cost | 30,360,169 | 102.58 | 17,256,347 | 56.25 | 254,853,252 | 30.79 |
| Projected FY2017 Member Months | 306,271 | | 336,514 | | 8,611,835 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0001 | | 1.0000 | | | |
| Makena Adjustment | 1.0027 | | 1.0199 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 37,547,040 | 122.59 | 26,161,548 | 77.74 | 293,073,298 | 34.03 |
| Administrative Expenses | 551,287 | 1.80 | 605,725 | 1.80 | 15,501,303 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 39,582,678 | 129.24 | 27,810,154 | 82.64 | 320,596,988 | 37.23 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 315,554 | | 1,209,233 | | 1,906,881 | | 613,987 | | 9,000 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 12,905,286 | 40.90 | 48,501,918 | 40.11 | 82,724,005 | 43.38 | 24,408,288 | 39.75 | 385,690 | 42.85 |
| Other Costs/Refunds | -123,773 | -0.39 | -389,091 | -0.32 | -586,984 | -0.31 | -187,004 | -0.30 | -2,769 | -0.31 |
| Total Cost | 12,781,513 | 40.51 | 48,112,828 | 39.79 | 82,137,021 | 43.07 | 24,221,285 | 39.45 | 382,920 | 42.55 |
| Projected FY2017 Member Months | 313,373 | | 1,256,906 | | 1,983,390 | | 645,602 | | 8,853 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0018 | | 1.0229 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 12,587,594 | 40.17 | 50,009,600 | 39.79 | 93,406,615 | 47.09 | 27,631,808 | 42.80 | 451,616 | 51.01 |
| Administrative Expenses | 564,072 | 1.80 | 2,262,430 | 1.80 | 3,570,103 | 1.80 | 1,162,083 | 1.80 | 15,935 | 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 | 13,664,068 | 43.60 | 54,308,603 | 43.21 | 100,755,032 | 50.80 | 29,915,731 | 46.34 | 485,767 | 54.87 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 149,437 | | 143,322 | | 4,347,414 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 19,019,262 | 127.27 | 8,174,992 | 57.04 | 196,119,441 | 45.11 |
| Other Costs/Refunds | -50,453 | -0.34 | -53,359 | -0.37 | -1,393,433 | -0.32 |
| Total Cost | 18,968,808 | 126.94 | 8,121,633 | 56.67 | 194,726,008 | 44.79 |
| Projected FY2017 Member Months | 152,890 | | 154,580 | | 4,515,594 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0056 | | 1.1546 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 23,258,222 | 152.12 | 13,705,201 | 88.66 | 221,050,656 | 48.95 |
| Administrative Expenses | 275,202 | 1.80 | 278,244 | 1.80 | 8,128,069 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 24,450,311 | 159.92 | 14,528,255 | 93.99 | 238,107,766 | 52.73 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 78,582 | | 257,603 | | 360,547 | | 106,466 | | 2,290 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 1,704,169 | 21.69 | 6,019,041 | 23.37 | 18,413,918 | 51.07 | 4,363,088 | 40.98 | 104,069 | 45.45 |
| Other Costs/Refunds | -17,147 | -0.22 | -55,187 | -0.21 | -80,074 | -0.22 | -22,407 | -0.21 | -374 | -0.16 |
| Total Cost | 1,687,022 | 21.47 | 5,963,853 | 23.15 | 18,333,843 | 50.85 | 4,340,681 | 40.77 | 103,695 | 45.28 |
| Projected FY2017 Member Months | 80,308 | | 267,221 | | 375,844 | | 110,471 | | 2,462 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 1,709,726 | 21.29 | 6,186,516 | 23.15 | 20,895,516 | 55.60 | 4,877,753 | 44.15 | 130,675 | 53.08 |
| Administrative Expenses | 144,554 | 1.80 | 480,998 | 1.80 | 676,519 | 1.80 | 198,847 | 1.80 | 4,432 | 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 | 1,926,525 | 23.99 | 6,927,287 | 25.92 | 22,412,504 | 59.63 | 5,274,389 | 47.74 | 140,370 | 57.02 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 52,311 | | 44,547 | | 902,346 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 5,796,372 | 110.81 | 1,994,064 | 44.76 | 38,394,721 | 42.55 |
| Other Costs/Refunds | -10,236 | -0.20 | -8,757 | -0.20 | -194,182 | -0.22 |
| Total Cost | 5,786,136 | 110.61 | 1,985,308 | 44.57 | 38,200,538 | 42.33 |
| Projected FY2017 Member Months | 53,679 | | 47,659 | | 937,643 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0318 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 7,076,013 | 131.82 | 2,969,755 | 62.31 | 43,845,954 | 46.76 |
| Administrative Expenses | 96,622 | 1.80 | 85,786 | 1.80 | 1,687,758 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 7,452,088 | 138.83 | 3,174,588 | 66.61 | 47,307,752 | 50.45 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 79,514 | | 254,073 | | 375,656 | | 103,672 | | 2,640 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 1,440,470 | 18.12 | 6,217,078 | 24.47 | 13,797,962 | 36.73 | 4,143,118 | 39.96 | 57,295 | 21.70 |
| Other Costs/Refunds | -53,941 | -0.68 | -169,798 | -0.67 | -255,401 | -0.68 | -70,422 | -0.68 | -1,772 | -0.67 |
| Total Cost | 1,386,529 | 17.44 | 6,047,280 | 23.80 | 13,542,562 | 36.05 | 4,072,695 | 39.28 | 55,523 | 21.03 |
| Projected FY2017 Member Months | 78,930 | | 265,843 | | 391,424 | | 109,342 | | 2,892 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0001 | | 1.0000 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 1,364,879 | 17.29 | 6,327,421 | 23.80 | 15,429,631 | 39.42 | 4,651,913 | 42.54 | 71,304 | 24.65 |
| Administrative Expenses | 142,073 | 1.80 | 478,518 | 1.80 | 704,563 | 1.80 | 196,815 | 1.80 | 5,206 | 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 | 1,565,664 | 19.84 | 7,071,105 | 26.60 | 16,762,799 | 42.83 | 5,037,640 | 46.07 | 79,490 | 27.48 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 48,655 | | 45,720 | | 909,931 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 5,575,131 | 114.58 | 2,406,839 | 52.64 | 33,637,893 | 36.97 |
| Other Costs/Refunds | -31,864 | -0.65 | -31,105 | -0.68 | -614,303 | -0.68 |
| Total Cost | 5,543,267 | 113.93 | 2,375,733 | 51.96 | 33,023,590 | 36.29 |
| Projected FY2017 Member Months | 50,751 | | 48,362 | | 947,543 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0048 | | 1.0780 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 6,923,837 | 136.43 | 3,670,943 | 75.91 | 38,439,928 | 40.57 |
| Administrative Expenses | 91,351 | 1.80 | 87,051 | 1.80 | 1,705,577 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 7,288,507 | 143.61 | 3,904,409 | 80.73 | 41,709,615 | 44.02 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 86,296 | | 280,253 | | 416,330 | | 124,477 | | 2,742 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 1,917,300 | 22.22 | 7,946,551 | 28.35 | 21,914,543 | 52.64 | 5,331,141 | 42.83 | 53,670 | 19.57 |
| Other Costs/Refunds | -70,145 | -0.81 | -225,842 | -0.81 | -333,908 | -0.80 | -99,797 | -0.80 | -2,240 | -0.82 |
| Total Cost | 1,847,154 | 21.40 | 7,720,709 | 27.55 | 21,580,635 | 51.84 | 5,231,344 | 42.03 | 51,429 | 18.76 |
| Projected FY2017 Member Months | 86,456 | | 294,999 | | 435,956 | | 133,002 | | 2,873 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0008 | | 1.0000 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 1,835,181 | 21.23 | 8,126,973 | 27.55 | 24,707,190 | 56.67 | 6,058,401 | 45.55 | 63,161 | 21.98 |
| Administrative Expenses | 155,621 | 1.80 | 530,999 | 1.80 | 784,721 | 1.80 | 239,404 | 1.80 | 5,171 | 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 | 2,068,366 | 23.92 | 8,995,296 | 30.49 | 26,485,101 | 60.75 | 6,543,174 | 49.20 | 70,995 | 24.71 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 53,435 | | 51,707 | | 1,015,240 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 5,983,259 | 111.97 | 2,895,301 | 55.99 | 46,041,765 | 45.35 |
| Other Costs/Refunds | -42,344 | -0.79 | -42,000 | -0.81 | -816,277 | -0.80 |
| Total Cost | 5,940,915 | 111.18 | 2,853,301 | 55.18 | 45,225,487 | 44.55 |
| Projected FY2017 Member Months | 56,861 | | 56,665 | | 1,066,813 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0038 | | 1.1458 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 7,562,673 | 133.00 | 4,854,986 | 85.68 | 53,208,566 | 49.88 |
| Administrative Expenses | 102,350 | 1.80 | 101,997 | 1.80 | 1,920,263 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 7,963,660 | 140.06 | 5,150,113 | 90.89 | 57,276,705 | 53.69 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 276,583 | | 922,091 | | 1,388,200 | | 376,463 | | 5,607 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 4,417,193 | 15.97 | 16,580,426 | 17.98 | 45,205,162 | 32.56 | 12,414,031 | 32.98 | 258,399 | 46.09 |
| Other Costs/Refunds | -44,040 | -0.16 | -177,260 | -0.19 | -433,799 | -0.31 | -146,590 | -0.39 | -2,129 | -0.38 |
| Total Cost | 4,373,153 | 15.81 | 16,403,166 | 17.79 | 44,771,364 | 32.25 | 12,267,441 | 32.59 | 256,270 | 45.71 |
| Projected FY2017 Member Months | 279,811 | | 962,402 | | 1,446,430 | | 396,111 | | 5,826 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0006 | | 1.0003 | | 1.0005 | | 1.0004 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 4,390,015 | 15.69 | 17,125,397 | 17.79 | 51,028,959 | 35.28 | 13,984,540 | 35.30 | 312,151 | 53.58 |
| Administrative Expenses | 503,660 | 1.80 | 1,732,323 | 1.80 | 2,603,573 | 1.80 | 713,000 | 1.80 | 10,487 | 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 | 5,084,337 | 18.17 | 19,592,437 | 20.36 | 55,722,111 | 38.52 | 15,270,171 | 38.55 | 335,209 | 57.54 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 136,611 | | 133,130 | | 3,238,685 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 14,747,130 | 107.95 | 7,515,770 | 56.45 | 101,138,112 | 31.23 |
| Other Costs/Refunds | -66,987 | -0.49 | -138,991 | -1.04 | -1,009,797 | -0.31 |
| Total Cost | 14,680,143 | 107.46 | 7,376,778 | 55.41 | 100,128,315 | 30.92 |
| Projected FY2017 Member Months | 140,670 | | 143,299 | | 3,374,549 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0014 | | 1.0005 | | | |
| Makena Adjustment | 1.0053 | | 1.0580 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 18,135,889 | 128.92 | 11,389,512 | 79.48 | 116,366,463 | 34.48 |
| Administrative Expenses | 253,206 | 1.80 | 257,937 | 1.80 | 6,074,187 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 19,105,554 | 135.82 | 12,101,246 | 84.45 | 127,211,065 | 37.70 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 153,964 | | 515,219 | | 769,210 | | 204,680 | | 3,303 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 2,115,564 | 13.74 | 7,498,889 | 14.55 | 21,386,658 | 27.80 | 6,372,780 | 31.14 | 71,941 | 21.78 |
| Other Costs/Refunds | -27,816 | -0.18 | -110,782 | -0.22 | -175,728 | -0.23 | -44,637 | -0.22 | -693 | -0.21 |
| Total Cost | 2,087,747 | 13.56 | 7,388,107 | 14.34 | 21,210,929 | 27.57 | 6,328,143 | 30.92 | 71,248 | 21.57 |
| Projected FY2017 Member Months | 156,585 | | 529,875 | | 797,238 | | 214,069 | | 3,470 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0001 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 2,105,839 | 13.45 | 7,598,277 | 14.34 | 24,035,710 | 30.15 | 7,167,710 | 33.48 | 87,752 | 25.29 |
| Administrative Expenses | 281,853 | 1.80 | 953,775 | 1.80 | 1,435,029 | 1.80 | 385,324 | 1.80 | 6,246 | 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 | 2,480,719 | 15.84 | 8,885,249 | 16.77 | 26,463,105 | 33.19 | 7,847,308 | 36.66 | 97,661 | 28.14 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 83,148 | | 69,290 | | 1,798,812 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 7,777,686 | 93.54 | 3,182,305 | 45.93 | 48,405,822 | 26.91 |
| Other Costs/Refunds | -15,542 | -0.19 | -12,665 | -0.18 | -387,864 | -0.22 |
| Total Cost | 7,762,144 | 93.35 | 3,169,640 | 45.74 | 48,017,959 | 26.69 |
| Projected FY2017 Member Months | 83,776 | | 72,558 | | 1,857,572 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0046 | | 1.1256 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 9,363,437 | 111.77 | 5,062,656 | 69.77 | 55,421,381 | 29.84 |
| Administrative Expenses | 150,797 | 1.80 | 130,604 | 1.80 | 3,343,629 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 9,884,919 | 117.99 | 5,395,595 | 74.36 | 61,054,556 | 32.87 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 133,657 | | 448,835 | | 640,985 | | 180,910 | | 3,100 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 2,518,036 | 18.84 | 7,212,549 | 16.07 | 23,007,451 | 35.89 | 6,010,981 | 33.23 | 68,465 | 22.08 |
| Other Costs/Refunds | -48,138 | -0.36 | -165,085 | -0.37 | -246,922 | -0.39 | -68,017 | -0.38 | -1,018 | -0.33 |
| Total Cost | 2,469,898 | 18.48 | 7,047,464 | 15.70 | 22,760,529 | 35.51 | 5,942,964 | 32.85 | 67,448 | 21.76 |
| Projected FY2017 Member Months | 133,646 | | 467,992 | | 665,835 | | 190,313 | | 2,855 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0001 | | 1.0003 | | 1.0002 | | 1.0002 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 2,449,402 | 18.33 | 7,350,469 | 15.71 | 25,854,862 | 38.83 | 6,772,073 | 35.58 | 72,805 | 25.50 |
| Administrative Expenses | 240,563 | 1.80 | 842,385 | 1.80 | 1,198,503 | 1.80 | 342,564 | 1.80 | 5,139 | 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 | 2,794,769 | 20.91 | 8,512,057 | 18.19 | 28,107,392 | 42.21 | 7,391,830 | 38.84 | 80,981 | 28.37 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 MRSA Central 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 77,703 | | 69,560 | | 1,554,749 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 7,400,541 | 95.24 | 2,803,604 | 40.31 | 49,021,626 | 31.53 |
| Other Costs/Refunds | -24,608 | -0.32 | -23,906 | -0.34 | -577,694 | -0.37 |
| Total Cost | 7,375,933 | 94.92 | 2,779,697 | 39.96 | 48,443,932 | 31.16 |
| Projected FY2017 Member Months | 79,381 | | 74,274 | | 1,614,296 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0001 | | 1.0002 | | | |
| Makena Adjustment | 1.0093 | | 1.1665 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 9,064,621 | 114.19 | 4,692,619 | 63.18 | 56,256,851 | 34.85 |
| Administrative Expenses | 142,886 | 1.80 | 133,692 | 1.80 | 2,905,732 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 9,566,241 | 120.51 | 5,014,349 | 67.51 | 61,467,619 | 38.08 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 163,711 | | 573,186 | | 837,992 | | 240,704 | | 4,169 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 3,353,682 | 20.49 | 13,241,061 | 23.10 | 34,288,663 | 40.92 | 10,874,489 | 45.18 | 134,940 | 32.37 |
| Other Costs/Refunds | -86,032 | -0.53 | -298,980 | -0.52 | -435,724 | -0.52 | -125,381 | -0.52 | -2,179 | -0.52 |
| Total Cost | 3,267,649 | 19.96 | 12,942,080 | 22.58 | 33,852,939 | 40.40 | 10,749,108 | 44.66 | 132,761 | 31.84 |
| Projected FY2017 Member Months | 165,467 | | 592,465 | | 870,432 | | 250,879 | | 4,300 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0003 | | 1.0004 | | 1.0001 | | 1.0002 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0008 | | 1.1319 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 3,276,206 | 19.80 | 13,382,739 | 22.59 | 38,449,339 | 44.17 | 12,145,430 | 48.41 | 181,672 | 42.25 |
| Administrative Expenses | 297,840 | 1.80 | 1,066,437 | 1.80 | 1,566,777 | 1.80 | 451,582 | 1.80 | 7,740 | 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 | 3,713,295 | 22.44 | 15,012,131 | 25.34 | 41,575,185 | 47.76 | 13,087,804 | 52.17 | 196,792 | 45.76 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 MRSA Northeast 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 92,224 | | 89,879 | | 2,001,865 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 11,432,408 | 123.96 | 4,574,165 | 50.89 | 77,899,406 | 38.91 |
| Other Costs/Refunds | -47,846 | -0.52 | -47,185 | -0.52 | -1,043,328 | -0.52 |
| Total Cost | 11,384,562 | 123.44 | 4,526,980 | 50.37 | 76,856,078 | 38.39 |
| Projected FY2017 Member Months | 93,919 | | 96,455 | | 2,073,917 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0099 | | 1.2338 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 13,953,880 | 148.57 | 8,122,504 | 84.21 | 89,511,770 | 43.16 |
| Administrative Expenses | 169,055 | 1.80 | 173,620 | 1.80 | 3,733,051 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 14,673,179 | 156.23 | 8,619,349 | 89.36 | 96,877,736 | 46.71 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 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 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 170,470 | | 497,826 | | 730,493 | | 208,869 | | 4,504 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 2,772,700 | 16.27 | 8,176,550 | 16.42 | 24,718,888 | 33.84 | 6,740,526 | 32.27 | 154,105 | 34.21 |
| Other Costs/Refunds | -141,171 | -0.83 | -392,989 | -0.79 | -555,917 | -0.76 | -161,431 | -0.77 | -3,710 | -0.82 |
| Total Cost | 2,631,529 | 15.44 | 7,783,561 | 15.64 | 24,162,971 | 33.08 | 6,579,095 | 31.50 | 150,396 | 33.39 |
| Projected FY2017 Member Months | 171,731 | | 522,349 | | 766,440 | | 222,169 | | 4,818 | |
| Annual Trend Assumption | -0.5 % | | 0.0 % | | 5.5 % | | 4.9 % | | 10.0 % | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0002 | | 1.0001 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.1017 | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | |
| Projected Incurred Claims | 2,629,456 | 15.31 | 8,167,800 | 15.64 | 27,718,296 | 36.16 | 7,578,814 | 34.11 | 207,731 | 43.12 |
| Administrative Expenses | 309,115 | 1.80 | 940,228 | 1.80 | 1,379,592 | 1.80 | 399,904 | 1.80 | 8,672 | 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 | 3,053,061 | 17.78 | 9,462,886 | 18.12 | 30,231,572 | 39.44 | 8,289,577 | 37.31 | 224,834 | 46.67 |

STAR Rate Setting
 FY2017 Pharmacy Rating Analysis
 MRSA West 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 1/1/2015 - 12/31/2015 | | | | | | |
| Member Months | 80,686 | | 95,240 | | 1,788,088 | |
| Experience Period Cost | | | | | | |
| Estimated Incurred Claims | 9,956,014 | 123.39 | 3,706,938 | 38.92 | 56,225,722 | 31.44 |
| Other Costs/Refunds | -62,379 | -0.77 | -80,146 | -0.84 | -1,397,742 | -0.78 |
| Total Cost | 9,893,636 | 122.62 | 3,626,793 | 38.08 | 54,827,979 | 30.66 |
| Projected FY2017 Member Months | 85,242 | | 103,188 | | 1,875,936 | |
| Annual Trend Assumption | 11.1 % | | 20.0 % | | | |
| Provider Reimbursement Adjustments | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0126 | | 1.2264 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 12,613,617 | 147.97 | 6,530,313 | 63.29 | 65,446,027 | 34.89 |
| Administrative Expenses | 153,436 | 1.80 | 185,738 | 1.80 | 3,376,685 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 13,264,471 | 155.61 | 6,977,716 | 67.62 | 71,504,117 | 38.12 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Bexar Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 263,847 | | 17,502 | | 461 | | 19,427 | | 6,138 | | 307,375 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 99,253,111 | 376.18 | 13,921,503 | 795.42 | 221,498 | 480.28 | 9,783,896 | 503.63 | 4,304,875 | 701.32 | 127,484,882 | 414.75 |
| Other Costs/Refunds | -608,139 | -2.30 | -40,817 | -2.33 | -1,028 | -2.23 | -44,190 | -2.27 | -15,149 | -2.47 | -709,323 | -2.31 |
| Total Cost | 98,644,971 | 373.87 | 13,880,685 | 793.08 | 220,470 | 478.05 | 9,739,707 | 501.36 | 4,289,726 | 698.85 | 126,775,559 | 412.45 |
| Projected FY2017 Member Months | 246,115 | | 19,829 | | 461 | | 20,549 | | 5,915 | | 292,869 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0001 | | 1.0001 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0380 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 107,090,459 | 435.12 | 18,184,851 | 917.07 | 247,941 | 537.61 | 11,586,221 | 563.83 | 4,594,219 | 776.76 | 141,703,691 | 483.85 |
| Administrative Expenses | 443,007 | 1.80 | 35,693 | 1.80 | 830 | 1.80 | 36,989 | 1.80 | 10,646 | 1.80 | 527,164 | 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 | 111,723,081 | 453.95 | 18,930,435 | 954.67 | 258,464 | 560.43 | 12,076,062 | 587.67 | 4,784,276 | 808.89 | 147,772,317 | 504.57 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Dallas Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 347,506 | | 17,830 | | 239 | | 23,784 | | 8,580 | | 397,940 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 114,241,146 | 328.75 | 11,776,711 | 660.49 | 371,435 | 1,554.12 | 7,631,807 | 320.88 | 5,037,475 | 587.09 | 139,058,574 | 349.45 |
| Other Costs/Refunds | -869,557 | -2.50 | -45,046 | -2.53 | -582 | -2.43 | -59,083 | -2.48 | -21,556 | -2.51 | -995,824 | -2.50 |
| Total Cost | 113,371,589 | 326.24 | 11,731,664 | 657.96 | 370,853 | 1,551.69 | 7,572,724 | 318.40 | 5,015,919 | 584.58 | 138,062,749 | 346.94 |
| Projected FY2017 Member Months | 345,468 | | 19,489 | | 239 | | 25,638 | | 8,181 | | 399,014 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0001 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0220 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 129,149,342 | 373.84 | 14,826,187 | 760.75 | 417,063 | 1,745.03 | 9,180,116 | 358.07 | 5,315,379 | 649.75 | 158,888,087 | 398.20 |
| Administrative Expenses | 621,842 | 1.80 | 35,080 | 1.80 | 430 | 1.80 | 46,148 | 1.80 | 14,725 | 1.80 | 718,225 | 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 | 134,827,204 | 390.27 | 15,440,277 | 792.26 | 433,759 | 1,814.89 | 9,585,729 | 373.89 | 5,537,770 | 676.93 | 165,824,739 | 415.59 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 El Paso Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 78,879 | | 8,109 | | 40 | | 5,924 | | 627 | | 93,580 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 32,668,958 | 414.17 | 6,783,551 | 836.50 | 17,311 | 432.78 | 3,358,522 | 566.90 | 348,293 | 555.21 | 43,176,636 | 461.39 |
| Other Costs/Refunds | -269,955 | -3.42 | -27,906 | -3.44 | -127 | -3.17 | -19,811 | -3.34 | -2,174 | -3.47 | -319,973 | -3.42 |
| Total Cost | 32,399,003 | 410.75 | 6,755,645 | 833.06 | 17,184 | 429.61 | 3,338,711 | 563.55 | 346,120 | 551.75 | 42,856,663 | 457.97 |
| Projected FY2017 Member Months | 77,696 | | 8,410 | | 40 | | 6,247 | | 695 | | 93,088 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0005 | | 1.0003 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0270 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 36,762,584 | 473.16 | 8,103,206 | 963.49 | 19,325 | 483.14 | 3,958,912 | 633.78 | 426,457 | 613.25 | 49,270,484 | 529.29 |
| Administrative Expenses | 139,852 | 1.80 | 15,138 | 1.80 | 72 | 1.80 | 11,244 | 1.80 | 1,252 | 1.80 | 167,558 | 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 | 38,340,194 | 493.47 | 8,434,643 | 1,002.90 | 20,153 | 503.83 | 4,124,837 | 660.34 | 444,373 | 639.01 | 51,364,200 | 551.78 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Harris Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 560,526 | | 32,945 | | 948 | | 39,820 | | 10,219 | | 644,458 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 228,278,675 | 407.26 | 27,229,927 | 826.53 | 408,627 | 430.92 | 19,652,710 | 493.54 | 6,750,498 | 660.58 | 282,320,437 | 438.07 |
| Other Costs/Refunds | -1,000,263 | -1.78 | -57,069 | -1.73 | -1,719 | -1.81 | -69,684 | -1.75 | -18,890 | -1.85 | -1,147,625 | -1.78 |
| Total Cost | 227,278,413 | 405.47 | 27,172,858 | 824.80 | 406,908 | 429.10 | 19,583,026 | 491.79 | 6,731,607 | 658.73 | 281,172,812 | 436.29 |
| Projected FY2017 Member Months | 507,389 | | 34,522 | | 948 | | 43,038 | | 9,753 | | 595,651 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0004 | | 1.0001 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0610 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 244,817,066 | 482.50 | 32,925,204 | 953.75 | 457,610 | 482.57 | 23,803,044 | 553.06 | 7,140,821 | 732.16 | 309,143,746 | 519.00 |
| Administrative Expenses | 913,300 | 1.80 | 62,140 | 1.80 | 1,707 | 1.80 | 77,469 | 1.80 | 17,555 | 1.80 | 1,072,171 | 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 | 255,304,277 | 503.17 | 34,272,565 | 992.77 | 477,213 | 503.24 | 24,810,923 | 576.48 | 7,437,274 | 762.56 | 322,302,252 | 541.09 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Hidalgo Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 234,569 | | 22,654 | | 317 | | 10,948 | | 2,295 | | 270,783 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 91,439,095 | 389.82 | 19,475,772 | 859.69 | 503,846 | 1,589.42 | 4,268,070 | 389.86 | 1,302,580 | 567.55 | 116,989,363 | 432.04 |
| Other Costs/Refunds | -375,811 | -1.60 | -34,467 | -1.52 | -586 | -1.85 | -16,432 | -1.50 | -3,992 | -1.74 | -431,287 | -1.59 |
| Total Cost | 91,063,284 | 388.22 | 19,441,306 | 858.17 | 503,260 | 1,587.57 | 4,251,638 | 388.36 | 1,298,588 | 565.81 | 116,558,076 | 430.45 |
| Projected FY2017 Member Months | 186,050 | | 25,100 | | 317 | | 11,461 | | 2,281 | | 225,210 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.1290 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 91,421,249 | 491.38 | 24,904,926 | 992.23 | 565,968 | 1,785.39 | 5,005,642 | 436.75 | 1,434,671 | 628.88 | 123,332,456 | 547.63 |
| Administrative Expenses | 334,891 | 1.80 | 45,180 | 1.80 | 571 | 1.80 | 20,630 | 1.80 | 4,106 | 1.80 | 405,377 | 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 | 95,331,054 | 512.39 | 25,922,188 | 1,032.76 | 588,611 | 1,856.82 | 5,222,101 | 455.64 | 1,494,834 | 655.25 | 128,558,788 | 570.84 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Jefferson Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 107,313 | | 5,759 | | 64 | | 4,937 | | 2,615 | | 120,688 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 40,362,933 | 376.12 | 4,359,043 | 756.85 | 42,389 | 662.33 | 2,009,236 | 407.00 | 1,637,635 | 626.25 | 48,411,236 | 401.13 |
| Other Costs/Refunds | -254,248 | -2.37 | -15,679 | -2.72 | -104 | -1.62 | -9,820 | -1.99 | -6,041 | -2.31 | -285,892 | -2.37 |
| Total Cost | 40,108,685 | 373.76 | 4,343,363 | 754.13 | 42,285 | 660.71 | 1,999,416 | 405.01 | 1,631,595 | 623.94 | 48,125,344 | 398.76 |
| Projected FY2017 Member Months | 102,638 | | 6,199 | | 64 | | 5,298 | | 2,627 | | 116,827 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0330 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 44,426,960 | 432.85 | 5,405,371 | 871.94 | 47,554 | 743.04 | 2,413,220 | 455.48 | 1,821,792 | 693.49 | 54,114,897 | 463.21 |
| Administrative Expenses | 184,749 | 1.80 | 11,159 | 1.80 | 115 | 1.80 | 9,537 | 1.80 | 4,729 | 1.80 | 210,288 | 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 | 46,349,828 | 451.58 | 5,627,563 | 907.78 | 49,527 | 773.85 | 2,517,150 | 475.10 | 1,897,683 | 722.38 | 56,441,751 | 483.12 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Lubbock Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 62,339 | | 3,125 | | 183 | | 6,776 | | 2,281 | | 74,702 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 23,461,943 | 376.36 | 2,412,637 | 772.14 | 51,355 | 280.63 | 2,639,112 | 389.51 | 1,912,455 | 838.56 | 30,477,501 | 407.99 |
| Other Costs/Refunds | -177,205 | -2.84 | -9,449 | -3.02 | -531 | -2.90 | -19,558 | -2.89 | -6,819 | -2.99 | -213,562 | -2.86 |
| Total Cost | 23,284,737 | 373.52 | 2,403,188 | 769.12 | 50,824 | 277.73 | 2,619,554 | 386.62 | 1,905,636 | 835.57 | 30,263,939 | 405.13 |
| Projected FY2017 Member Months | 59,848 | | 3,478 | | 183 | | 6,898 | | 2,310 | | 72,716 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0220 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 25,613,225 | 427.97 | 3,092,650 | 889.27 | 57,157 | 312.33 | 2,999,170 | 434.79 | 2,145,088 | 928.71 | 33,907,291 | 466.29 |
| Administrative Expenses | 107,726 | 1.80 | 6,260 | 1.80 | 329 | 1.80 | 12,416 | 1.80 | 4,158 | 1.80 | 130,890 | 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 | 26,723,067 | 446.52 | 3,219,647 | 925.79 | 59,726 | 326.37 | 3,128,921 | 453.60 | 2,232,983 | 966.77 | 35,364,343 | 486.33 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Nueces Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 97,100 | | 8,408 | | 68 | | 5,691 | | 2,231 | | 113,497 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 38,441,042 | 395.89 | 6,359,781 | 756.44 | 14,970 | 220.15 | 2,763,221 | 485.58 | 1,534,112 | 687.74 | 49,113,126 | 432.73 |
| Other Costs/Refunds | -211,282 | -2.18 | -19,021 | -2.26 | -181 | -2.66 | -11,515 | -2.02 | -4,864 | -2.18 | -246,863 | -2.18 |
| Total Cost | 38,229,759 | 393.71 | 6,340,760 | 754.17 | 14,789 | 217.49 | 2,751,706 | 483.55 | 1,529,248 | 685.56 | 48,866,262 | 430.55 |
| Projected FY2017 Member Months | 92,181 | | 9,249 | | 68 | | 5,828 | | 2,281 | | 109,607 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0150 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 41,298,918 | 448.02 | 8,064,727 | 871.99 | 16,632 | 244.59 | 3,169,520 | 543.81 | 1,738,291 | 761.98 | 54,288,087 | 495.30 |
| Administrative Expenses | 165,926 | 1.80 | 16,648 | 1.80 | 122 | 1.80 | 10,491 | 1.80 | 4,106 | 1.80 | 197,293 | 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 | 43,080,357 | 467.35 | 8,396,233 | 907.84 | 17,407 | 255.99 | 3,303,907 | 566.86 | 1,810,283 | 793.54 | 56,608,188 | 516.46 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Tarrant Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 201,861 | | 13,972 | | 567 | | 21,036 | | 7,541 | | 244,978 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 77,972,224 | 386.27 | 12,673,852 | 907.07 | 89,659 | 158.13 | 9,053,523 | 430.38 | 5,511,946 | 730.88 | 105,301,204 | 429.84 |
| Other Costs/Refunds | -400,195 | -1.98 | -30,264 | -2.17 | -1,007 | -1.78 | -38,081 | -1.81 | -13,140 | -1.74 | -482,686 | -1.97 |
| Total Cost | 77,572,029 | 384.28 | 12,643,587 | 904.90 | 88,653 | 156.35 | 9,015,443 | 428.57 | 5,498,806 | 729.14 | 104,818,518 | 427.87 |
| Projected FY2017 Member Months | 193,361 | | 14,774 | | 567 | | 22,465 | | 7,523 | | 238,691 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0011 | | 1.0004 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0350 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 86,315,404 | 446.39 | 15,463,876 | 1,046.68 | 99,699 | 175.84 | 10,827,665 | 481.97 | 6,096,891 | 810.42 | 118,803,536 | 497.73 |
| Administrative Expenses | 348,050 | 1.80 | 26,593 | 1.80 | 1,021 | 1.80 | 40,438 | 1.80 | 13,542 | 1.80 | 429,643 | 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 | 90,039,952 | 465.66 | 16,093,994 | 1,089.33 | 104,644 | 184.56 | 11,291,535 | 502.62 | 6,348,502 | 843.87 | 123,878,628 | 518.99 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Travis Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 119,035 | | 8,022 | | 336 | | 13,013 | | 3,768 | | 144,175 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 48,496,926 | 407.42 | 7,508,790 | 935.99 | 160,610 | 477.74 | 6,665,585 | 512.21 | 3,388,123 | 899.09 | 66,220,034 | 459.30 |
| Other Costs/Refunds | -207,684 | -1.74 | -14,166 | -1.77 | -515 | -1.53 | -19,197 | -1.48 | -6,424 | -1.70 | -247,988 | -1.72 |
| Total Cost | 48,289,242 | 405.67 | 7,494,624 | 934.23 | 160,095 | 476.21 | 6,646,387 | 510.74 | 3,381,698 | 897.39 | 65,972,046 | 457.58 |
| Projected FY2017 Member Months | 116,372 | | 8,686 | | 336 | | 13,726 | | 3,892 | | 143,013 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0260 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 54,302,497 | 466.63 | 9,382,742 | 1,080.18 | 180,043 | 535.55 | 7,883,766 | 574.38 | 3,882,451 | 997.42 | 75,631,499 | 528.85 |
| Administrative Expenses | 209,469 | 1.80 | 15,635 | 1.80 | 605 | 1.80 | 24,706 | 1.80 | 7,006 | 1.80 | 257,423 | 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 | 56,635,809 | 486.68 | 9,764,548 | 1,124.13 | 187,687 | 558.28 | 8,216,594 | 598.63 | 4,040,995 | 1,038.15 | 78,845,633 | 551.32 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 MRSA Central Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 136,630 | | 4,003 | | 136 | | 9,571 | | 5,348 | | 155,687 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 46,376,680 | 339.43 | 2,798,240 | 699.03 | 72,548 | 533.44 | 3,790,962 | 396.10 | 3,016,281 | 563.99 | 56,054,710 | 360.05 |
| Other Costs/Refunds | -216,400 | -1.58 | -6,471 | -1.62 | -231 | -1.70 | -15,593 | -1.63 | -8,067 | -1.51 | -246,761 | -1.58 |
| Total Cost | 46,160,279 | 337.85 | 2,791,769 | 697.41 | 72,317 | 531.75 | 3,775,369 | 394.47 | 3,008,213 | 562.49 | 55,807,949 | 358.46 |
| Projected FY2017 Member Months | 136,828 | | 4,251 | | 136 | | 10,266 | | 5,194 | | 156,675 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0004 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0110 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 52,416,962 | 383.09 | 3,428,123 | 806.36 | 81,329 | 598.00 | 4,554,169 | 443.63 | 3,247,119 | 625.19 | 63,727,702 | 406.75 |
| Administrative Expenses | 246,290 | 1.80 | 7,652 | 1.80 | 245 | 1.80 | 18,478 | 1.80 | 9,349 | 1.80 | 282,014 | 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 | 54,715,067 | 399.88 | 3,569,637 | 839.65 | 84,752 | 623.17 | 4,750,802 | 462.78 | 3,383,343 | 651.42 | 66,503,601 | 424.47 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 MRSA Northeast Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 210,338 | | 13,342 | | 221 | | 12,579 | | 7,417 | | 243,897 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 71,531,137 | 340.08 | 10,691,546 | 801.33 | 49,687 | 224.76 | 5,204,910 | 413.77 | 4,748,300 | 640.23 | 92,225,580 | 378.13 |
| Other Costs/Refunds | -90,427 | -0.43 | -5,624 | -0.42 | -101 | -0.46 | -5,394 | -0.43 | -3,338 | -0.45 | -104,883 | -0.43 |
| Total Cost | 71,440,710 | 339.65 | 10,685,922 | 800.91 | 49,586 | 224.31 | 5,199,517 | 413.34 | 4,744,962 | 639.78 | 92,120,696 | 377.70 |
| Projected FY2017 Member Months | 212,296 | | 14,671 | | 221 | | 13,197 | | 7,078 | | 247,463 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0002 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0100 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 81,663,187 | 384.67 | 13,586,088 | 926.03 | 55,764 | 252.25 | 6,134,457 | 464.84 | 5,033,138 | 711.09 | 106,472,634 | 430.26 |
| Administrative Expenses | 382,132 | 1.80 | 26,408 | 1.80 | 398 | 1.80 | 23,754 | 1.80 | 12,740 | 1.80 | 445,433 | 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 | 85,241,891 | 401.52 | 14,142,853 | 963.98 | 58,350 | 263.95 | 6,398,142 | 484.82 | 5,242,471 | 740.67 | 111,083,707 | 448.89 |

STAR+PLUS Rate Setting
 FY2017 Prescription Drug Rating Analysis
 MRSA West Area

| | <u>MO OCC</u> | | <u>MO HCBS</u> | | <u>IDD <21</u> | | <u>IDD 21+</u> | | <u>Nursing Facility</u> | | <u>Total</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> | <u>Amount</u> | <u>pmpm</u> |
| Estimated MCO Experience: | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 1/2015 - 12/2015 | | 3/2015 - 2/2016 | | | |
| Member Months | 149,642 | | 5,754 | | 231 | | 12,860 | | 5,394 | | 173,882 | |
| Experience Period Cost | | | | | | | | | | | | |
| Estimated Incurred Claims | 55,480,329 | 370.75 | 3,986,494 | 692.84 | 89,139 | 385.18 | 6,018,626 | 468.01 | 3,679,597 | 682.17 | 69,254,185 | 398.28 |
| Other Costs/Refunds | -375,051 | -2.51 | -14,337 | -2.49 | -601 | -2.60 | -32,870 | -2.56 | -13,298 | -2.47 | -436,157 | -2.51 |
| Total Cost | 55,105,278 | 368.25 | 3,972,157 | 690.35 | 88,538 | 382.58 | 5,985,756 | 465.46 | 3,666,299 | 679.70 | 68,818,028 | 395.78 |
| Projected FY2017 Member Months | 151,904 | | 6,595 | | 231 | | 13,507 | | 5,390 | | 177,627 | |
| Annual Trend Assumption | 7.1 % | | 9.1 % | | 7.3 % | | 7.3 % | | 7.3 % | | | |
| Adjustment Factors | | | | | | | | | | | | |
| 340B Pricing Adjustment | 1.0000 | | 1.0001 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Star Kids Adjustment | 1.0040 | | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 62,963,953 | 414.50 | 5,264,572 | 798.28 | 99,570 | 430.25 | 7,070,051 | 523.45 | 4,071,903 | 755.47 | 79,470,048 | 447.40 |
| Administrative Expenses | 273,428 | 1.80 | 11,871 | 1.80 | 417 | 1.80 | 24,312 | 1.80 | 9,702 | 1.80 | 319,729 | 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 | 65,701,175 | 432.52 | 5,482,018 | 831.25 | 103,882 | 448.89 | 7,370,767 | 545.72 | 4,240,628 | 786.77 | 82,898,470 | 466.70 |

STAR Health Rate Setting
 FY2017 Pharmacy Capitation Rate Summary
 Statewide

| | <u>STAR Health</u> | |
|--|--------------------|-------------|
| | <u>Amount</u> | <u>pmpm</u> |
| Estimated Experience 1/1/2015 - 12/31/2015 | | |
| Member Months | 368,023 | |
| Experience Period Cost | | |
| Estimated Incurred Claims | 54,470,892 | 148.01 |
| Other Costs/Refunds | 0 | 0.00 |
| Total Cost | 54,470,892 | 148.01 |
| Projected FY2017 Member Months | 371,955 | |
| Annual Trend Assumption | 2.1 % | |
| Provider Reimbursement Adjustments | | |
| 340B Pricing Adjustment | 1.0000 | |
| Makena Adjustment | 1.0000 | |
| Other Adjustments | 1.0000 | |
| Projected Incurred Claims | 56,993,132 | 153.23 |
| Administrative Expenses | 669,518 | 1.80 |
| Risk Margin | 2.0 % | |
| Premium Tax | 1.75 % | |
| Projected Total Cost | 59,909,246 | 161.07 |

CHIP Rate Setting
FY2017 Prescription Drug Rating Analysis
Bexar Area

| | <1 | | 1-5 | | 6-14 | | 15-18 | | Total | |
|--|--------|-------|-----------|-------|-----------|-------|-----------|-------|------------|-------|
| | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm |
| Estimated MCO Experience 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 46 | | 71,269 | | 184,278 | | 69,875 | | 325,468 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 405 | 8.81 | 1,121,970 | 15.74 | 5,255,735 | 28.52 | 1,928,732 | 27.60 | 8,306,843 | 25.52 |
| Other Costs/Refunds | -2 | -0.05 | -440 | -0.01 | -16,364 | -0.09 | -5,809 | -0.08 | -22,616 | -0.07 |
| Total Cost | 403 | 8.77 | 1,121,530 | 15.74 | 5,239,371 | 28.43 | 1,922,923 | 27.52 | 8,284,227 | 25.45 |
| Projected FY2017 Member Months | 46 | | 74,424 | | 192,144 | | 72,132 | | 338,746 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 478 | 10.40 | 1,389,492 | 18.67 | 6,481,349 | 33.73 | 2,355,055 | 32.65 | 10,226,374 | 30.19 |
| Administrative Expenses | 83 | 1.80 | 133,963 | 1.80 | 345,859 | 1.80 | 129,838 | 1.80 | 609,743 | 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 | 583 | 12.67 | 1,582,811 | 21.27 | 7,093,203 | 36.92 | 2,581,706 | 35.79 | 11,258,303 | 33.24 |

CHIP Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Dallas Area

| | <1 | | 1-5 | | 6-14 | | 15-18 | | Total | |
|--|--------|-------|-----------|-------|------------|-------|-----------|-------|------------|-------|
| | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm |
| Estimated MCO Experience 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 92 | | 138,948 | | 363,109 | | 119,469 | | 621,618 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 1,459 | 15.86 | 2,007,056 | 14.44 | 10,397,892 | 28.64 | 4,723,372 | 39.54 | 17,129,779 | 27.56 |
| Other Costs/Refunds | 5 | 0.06 | 9,642 | 0.07 | 24,005 | 0.07 | 7,433 | 0.06 | 41,084 | 0.07 |
| Total Cost | 1,464 | 15.91 | 2,016,698 | 14.51 | 10,421,897 | 28.70 | 4,730,805 | 39.60 | 17,170,864 | 27.62 |
| Projected FY2017 Member Months | 92 | | 149,940 | | 389,736 | | 126,708 | | 666,476 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| PDL Changes | 1.0000 | | 1.0004 | | 1.0002 | | 1.0001 | | | |
| ADHD Clinical Edit | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 1,737 | 18.88 | 2,582,930 | 17.23 | 13,273,947 | 34.06 | 5,953,333 | 46.98 | 21,811,947 | 32.73 |
| Administrative Expenses | 166 | 1.80 | 269,892 | 1.80 | 701,525 | 1.80 | 228,074 | 1.80 | 1,199,657 | 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 | 1,977 | 21.49 | 2,963,971 | 19.77 | 14,519,971 | 37.26 | 6,422,242 | 50.69 | 23,908,160 | 35.87 |

CHIP Rate Setting
 FY2017 Prescription Drug Rating Analysis
 El Paso Area

| | <1 | | 1-5 | | 6-14 | | 15-18 | | Total | |
|--|--------|-------|---------|-------|-----------|-------|-----------|-------|-----------|-------|
| | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm |
| Estimated MCO Experience 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 33 | | 29,951 | | 89,147 | | 39,894 | | 159,025 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 296 | 8.96 | 378,955 | 12.65 | 2,056,905 | 23.07 | 759,465 | 19.04 | 3,195,621 | 20.10 |
| Other Costs/Refunds | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Total Cost | 296 | 8.96 | 378,955 | 12.65 | 2,056,905 | 23.07 | 759,465 | 19.04 | 3,195,621 | 20.10 |
| Projected FY2017 Member Months | 33 | | 31,524 | | 92,088 | | 39,648 | | 163,293 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| PDL Changes | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| ADHD Clinical Edit | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 351 | 10.64 | 473,206 | 15.01 | 2,520,830 | 27.37 | 895,477 | 22.59 | 3,889,864 | 23.82 |
| Administrative Expenses | 59 | 1.80 | 56,743 | 1.80 | 165,758 | 1.80 | 71,366 | 1.80 | 293,927 | 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 | 426 | 12.92 | 550,597 | 17.47 | 2,791,261 | 30.31 | 1,004,512 | 25.34 | 4,346,796 | 26.62 |

CHIP Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Harris Area

| | <1 | | 1-5 | | 6-14 | | 15-18 | | Total | |
|--|--------|-------|-----------|-------|------------|-------|------------|-------|------------|-------|
| | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm |
| Estimated MCO Experience 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 261 | | 241,334 | | 611,501 | | 213,240 | | 1,066,336 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 3,695 | 14.16 | 3,331,878 | 13.81 | 15,836,435 | 25.90 | 7,990,724 | 37.47 | 27,162,732 | 25.47 |
| Other Costs/Refunds | -13 | -0.05 | 26,258 | 0.11 | -26,357 | -0.04 | -10,777 | -0.05 | -10,889 | -0.01 |
| Total Cost | 3,682 | 14.11 | 3,358,136 | 13.91 | 15,810,078 | 25.85 | 7,979,947 | 37.42 | 27,151,843 | 25.46 |
| Projected FY2017 Member Months | 261 | | 248,664 | | 632,448 | | 216,264 | | 1,097,637 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| PDL Changes | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| ADHD Clinical Edit | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 4,368 | 16.73 | 4,105,118 | 16.51 | 19,399,682 | 30.67 | 9,601,708 | 44.40 | 33,110,875 | 30.17 |
| Administrative Expenses | 470 | 1.80 | 447,595 | 1.80 | 1,138,406 | 1.80 | 389,275 | 1.80 | 1,975,747 | 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 | 5,026 | 19.26 | 4,730,091 | 19.02 | 21,338,273 | 33.74 | 10,380,243 | 48.00 | 36,453,633 | 33.21 |

CHIP Rate Setting
FY2017 Prescription Drug Rating Analysis
Jefferson Area

| | <1 | | 1-5 | | 6-14 | | 15-18 | | Total | |
|--|--------|-------|---------|-------|-----------|-------|---------|-------|-----------|-------|
| | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm |
| Estimated MCO Experience 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 20 | | 20,198 | | 48,448 | | 16,881 | | 85,547 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 41 | 2.06 | 430,265 | 21.30 | 1,951,562 | 40.28 | 696,209 | 41.24 | 3,078,077 | 35.98 |
| Other Costs/Refunds | -1 | -0.05 | -574 | -0.03 | -1,436 | -0.03 | -177 | -0.01 | -2,188 | -0.03 |
| Total Cost | 40 | 2.01 | 429,691 | 21.27 | 1,950,126 | 40.25 | 696,032 | 41.23 | 3,075,890 | 35.96 |
| Projected FY2017 Member Months | 20 | | 20,772 | | 51,432 | | 16,572 | | 88,796 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| PDL Changes | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| ADHD Clinical Edit | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 48 | 2.39 | 524,275 | 25.24 | 2,456,141 | 47.76 | 810,661 | 48.92 | 3,791,124 | 42.69 |
| Administrative Expenses | 36 | 1.80 | 37,390 | 1.80 | 92,578 | 1.80 | 29,830 | 1.80 | 159,833 | 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 | 87 | 4.35 | 583,547 | 28.09 | 2,648,019 | 51.49 | 873,237 | 52.69 | 4,104,890 | 46.23 |

CHIP Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Lubbock Area

| | <1 | | 1-5 | | 6-14 | | 15-18 | | Total | |
|--|--------|------|---------|-------|-----------|-------|---------|-------|-----------|-------|
| | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm |
| Estimated MCO Experience 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 15 | | 22,910 | | 54,811 | | 17,784 | | 95,520 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 20 | 1.31 | 320,845 | 14.00 | 1,581,237 | 28.85 | 566,953 | 31.88 | 2,469,054 | 25.85 |
| Other Costs/Refunds | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Total Cost | 20 | 1.31 | 320,845 | 14.00 | 1,581,237 | 28.85 | 566,953 | 31.88 | 2,469,054 | 25.85 |
| Projected FY2017 Member Months | 15 | | 23,472 | | 56,520 | | 19,236 | | 99,243 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| PDL Changes | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| ADHD Clinical Edit | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 23 | 1.56 | 389,989 | 16.62 | 1,934,480 | 34.23 | 727,555 | 37.82 | 3,052,047 | 30.75 |
| Administrative Expenses | 27 | 1.80 | 42,250 | 1.80 | 101,736 | 1.80 | 34,625 | 1.80 | 178,637 | 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 | 52 | 3.49 | 449,079 | 19.13 | 2,115,549 | 37.43 | 791,875 | 41.17 | 3,356,556 | 33.82 |

CHIP Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Nueces Area

| | <1 | | 1-5 | | 6-14 | | 15-18 | | Total | |
|--|--------|-------|---------|-------|-----------|-------|---------|-------|-----------|-------|
| | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm |
| Estimated MCO Experience 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 37 | | 20,026 | | 51,025 | | 20,852 | | 91,940 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 521 | 14.09 | 458,936 | 22.92 | 1,952,607 | 38.27 | 601,932 | 28.87 | 3,013,996 | 32.78 |
| Other Costs/Refunds | -7 | -0.19 | -4,267 | -0.21 | -10,697 | -0.21 | -4,530 | -0.22 | -19,501 | -0.21 |
| Total Cost | 514 | 13.90 | 454,668 | 22.70 | 1,941,910 | 38.06 | 597,402 | 28.65 | 2,994,495 | 32.57 |
| Projected FY2017 Member Months | 37 | | 20,952 | | 52,476 | | 21,492 | | 94,957 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| PDL Changes | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| ADHD Clinical Edit | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 610 | 16.49 | 564,364 | 26.94 | 2,369,408 | 45.15 | 730,514 | 33.99 | 3,664,895 | 38.60 |
| Administrative Expenses | 67 | 1.80 | 37,714 | 1.80 | 94,457 | 1.80 | 38,686 | 1.80 | 170,923 | 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 | 703 | 19.00 | 625,535 | 29.86 | 2,559,859 | 48.78 | 799,169 | 37.18 | 3,985,266 | 41.97 |

CHIP Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Tarrant Area

| | <1 | | 1-5 | | 6-14 | | 15-18 | | Total | |
|--|--------|-------|-----------|-------|-----------|-------|-----------|-------|------------|-------|
| | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm |
| Estimated MCO Experience 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 110 | | 107,722 | | 258,631 | | 84,764 | | 451,227 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 1,118 | 10.16 | 1,340,896 | 12.45 | 6,436,771 | 24.89 | 2,396,645 | 28.27 | 10,175,430 | 22.55 |
| Other Costs/Refunds | -2 | -0.02 | -2,265 | -0.02 | -5,675 | -0.02 | -1,743 | -0.02 | -9,685 | -0.02 |
| Total Cost | 1,116 | 10.14 | 1,338,631 | 12.43 | 6,431,096 | 24.87 | 2,394,902 | 28.25 | 10,165,745 | 22.53 |
| Projected FY2017 Member Months | 110 | | 113,496 | | 274,824 | | 89,604 | | 478,034 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| PDL Changes | 1.0000 | | 1.0002 | | 1.0002 | | 1.0003 | | | |
| ADHD Clinical Edit | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 1,324 | 12.03 | 1,673,620 | 14.75 | 8,109,215 | 29.51 | 3,004,464 | 33.53 | 12,788,623 | 26.75 |
| Administrative Expenses | 198 | 1.80 | 204,293 | 1.80 | 494,683 | 1.80 | 161,287 | 1.80 | 860,461 | 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 | 1,581 | 14.37 | 1,951,078 | 17.19 | 8,939,115 | 32.53 | 3,289,092 | 36.71 | 14,180,867 | 29.66 |

CHIP Rate Setting
 FY2017 Prescription Drug Rating Analysis
 Travis Area

| | <1 | | 1-5 | | 6-14 | | 15-18 | | Total | |
|--|--------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm |
| Estimated MCO Experience 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 78 | | 64,589 | | 150,602 | | 49,172 | | 264,441 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 275 | 3.52 | 804,610 | 12.46 | 3,667,283 | 24.35 | 1,403,819 | 28.55 | 5,875,986 | 22.22 |
| Other Costs/Refunds | -1 | -0.01 | 11,116 | 0.17 | -1,595 | -0.01 | -616 | -0.01 | 8,904 | 0.03 |
| Total Cost | 274 | 3.51 | 815,725 | 12.63 | 3,665,688 | 24.34 | 1,403,203 | 28.54 | 5,884,890 | 22.25 |
| Projected FY2017 Member Months | 78 | | 65,892 | | 153,840 | | 49,980 | | 269,790 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| PDL Changes | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| ADHD Clinical Edit | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 324 | 4.16 | 987,304 | 14.98 | 4,442,495 | 28.88 | 1,692,123 | 33.86 | 7,122,247 | 26.40 |
| Administrative Expenses | 140 | 1.80 | 118,606 | 1.80 | 276,912 | 1.80 | 89,964 | 1.80 | 485,622 | 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 | 483 | 6.19 | 1,148,997 | 17.44 | 4,903,280 | 31.87 | 1,851,519 | 37.05 | 7,904,279 | 29.30 |

CHIP Rate Setting
 FY2017 Prescription Drug Rating Analysis
 RSA Area

| | <1 | | 1-5 | | 6-14 | | 15-18 | | Total | |
|--|--------|-------|-----------|-------|------------|-------|-----------|-------|------------|-------|
| | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm | Amount | pmpm |
| Estimated MCO Experience 1/1/2015 - 12/31/2015 | | | | | | | | | | |
| Member Months | 166 | | 202,231 | | 509,289 | | 188,847 | | 900,533 | |
| Experience Period Cost | | | | | | | | | | |
| Estimated Incurred Claims | 4,258 | 25.65 | 4,624,694 | 22.87 | 17,164,463 | 33.70 | 6,633,518 | 35.13 | 28,426,932 | 31.57 |
| Other Costs/Refunds | -14 | -0.08 | -7,752 | -0.04 | -16,386 | -0.03 | -7,985 | -0.04 | -32,137 | -0.04 |
| Total Cost | 4,245 | 25.57 | 4,616,942 | 22.83 | 17,148,077 | 33.67 | 6,625,532 | 35.08 | 28,394,796 | 31.53 |
| Projected FY2017 Member Months | 166 | | 211,380 | | 526,932 | | 197,772 | | 936,250 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | | | |
| PDL Changes | 1.0031 | | 1.0002 | | 1.0002 | | 1.0001 | | | |
| ADHD Clinical Edit | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 5,052 | 30.43 | 5,726,515 | 27.09 | 21,053,557 | 39.95 | 8,232,881 | 41.63 | 35,018,004 | 37.40 |
| Administrative Expenses | 299 | 1.80 | 380,484 | 1.80 | 948,478 | 1.80 | 355,990 | 1.80 | 1,685,250 | 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 | 5,559 | 33.49 | 6,344,934 | 30.02 | 22,859,256 | 43.38 | 8,923,502 | 45.12 | 38,133,251 | 40.73 |

CHIP Perinatal Rate Setting
 FY2017 Pharmacy Capitation Rate Summary
 Bexar Area

| | <u>Perinate <198%</u> | | <u>Perinate 198-202%</u> | | <u>Newborn 198-202%</u> | | <u>Total</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 1/1/2015 - 12/31/2015 | | | | | | | | |
| Member Months | 18,178 | | 501 | | 68 | | 18,747 | |
| Experience Period Cost | | | | | | | | |
| Estimated Incurred Claims | 462,153 | 25.42 | 17,171 | 34.27 | 300 | 4.41 | 479,624 | 25.58 |
| Other Costs/Refunds | -1,583 | -0.09 | -38 | -0.08 | -6 | -0.09 | -1,628 | -0.09 |
| Total Cost | 460,570 | 25.34 | 17,133 | 34.20 | 294 | 4.32 | 477,996 | 25.50 |
| Projected FY2017 Member Months | 15,204 | | 501 | | 68 | | 15,773 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.1547 | | 1.0000 | | 1.0000 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 527,727 | 34.71 | 20,327 | 40.57 | 349 | 5.13 | 548,402 | 34.77 |
| Administrative Expenses | 27,367 | 1.80 | 902 | 1.80 | 122 | 1.80 | 28,391 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 576,721 | 37.93 | 20,546 | 41.01 | 1,108 | 16.29 | 598,375 | 37.94 |

CHIP Perinatal Rate Setting
 FY2017 Pharmacy Capitation Rate Summary
 Dallas Area

| | <u>Perinate <198%</u> | | <u>Perinate 198-202%</u> | | <u>Newborn 198-202%</u> | | <u>Total</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 1/1/2015 - 12/31/2015 | | | | | | | | |
| Member Months | 76,268 | | 1,085 | | 134 | | 77,487 | |
| Experience Period Cost | | | | | | | | |
| Estimated Incurred Claims | 1,118,827 | 14.67 | 25,793 | 23.77 | 206 | 1.53 | 1,144,826 | 14.77 |
| Other Costs/Refunds | -3,254 | -0.04 | -26 | -0.02 | -9 | -0.07 | -3,289 | -0.04 |
| Total Cost | 1,115,574 | 14.63 | 25,767 | 23.75 | 197 | 1.47 | 1,141,537 | 14.73 |
| Projected FY2017 Member Months | 64,140 | | 1,085 | | 134 | | 65,359 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | |
| 340B Pricing | 1.0001 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.1168 | | 1.0000 | | 1.0000 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 1,243,188 | 19.38 | 30,570 | 28.18 | 233 | 1.74 | 1,273,991 | 19.49 |
| Administrative Expenses | 115,452 | 1.80 | 1,953 | 1.80 | 241 | 1.80 | 117,646 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 1,411,574 | 22.01 | 44,496 | 41.01 | 2,183 | 16.29 | 1,458,252 | 22.31 |

CHIP Perinatal Rate Setting
 FY2017 Pharmacy Capitation Rate Summary
 El Paso Area

| | <u>Perinate <198%</u> | | <u>Perinate 198-202%</u> | | <u>Newborn 198-202%</u> | | <u>Total</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 1/1/2015 - 12/31/2015 | | | | | | | | |
| Member Months | 10,242 | | 185 | | 26 | | 10,453 | |
| Experience Period Cost | | | | | | | | |
| Estimated Incurred Claims | 509,065 | 49.70 | 8,061 | 43.57 | 26 | 1.00 | 517,152 | 49.47 |
| Other Costs/Refunds | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Total Cost | 509,065 | 49.70 | 8,061 | 43.57 | 26 | 1.00 | 517,152 | 49.47 |
| Projected FY2017 Member Months | 8,256 | | 185 | | 26 | | 8,467 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.5103 | | 1.0000 | | 1.0000 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 735,283 | 89.06 | 9,563 | 51.69 | 31 | 1.19 | 744,877 | 87.97 |
| Administrative Expenses | 14,861 | 1.80 | 333 | 1.80 | 47 | 1.80 | 15,241 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 779,370 | 94.40 | 7,587 | 41.01 | 424 | 16.29 | 787,380 | 92.99 |

CHIP Perinatal Rate Setting
 FY2017 Pharmacy Capitation Rate Summary
 Harris Area

| | <u>Perinate <198%</u> | | <u>Perinate 198-202%</u> | | <u>Newborn 198-202%</u> | | <u>Total</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 1/1/2015 - 12/31/2015 | | | | | | | | |
| Member Months | 137,781 | | 2,336 | | 344 | | 140,461 | |
| Experience Period Cost | | | | | | | | |
| Estimated Incurred Claims | 5,583,062 | 40.52 | 88,820 | 38.02 | 941 | 2.74 | 5,672,823 | 40.39 |
| Other Costs/Refunds | -13,393 | -0.10 | -240 | -0.10 | -34 | -0.10 | -13,667 | -0.10 |
| Total Cost | 5,569,669 | 40.42 | 88,580 | 37.92 | 907 | 2.64 | 5,659,156 | 40.29 |
| Projected FY2017 Member Months | 115,296 | | 2,336 | | 344 | | 117,976 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.1374 | | 1.0000 | | 1.0000 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 6,289,273 | 54.55 | 105,091 | 44.99 | 1,077 | 3.13 | 6,395,441 | 54.21 |
| Administrative Expenses | 207,533 | 1.80 | 4,205 | 1.80 | 619 | 1.80 | 212,357 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 6,749,929 | 58.54 | 95,799 | 41.01 | 5,604 | 16.29 | 6,851,332 | 58.07 |

CHIP Perinatal Rate Setting
 FY2017 Pharmacy Capitation Rate Summary
 Jefferson Area

| | <u>Perinate <198%</u> | | <u>Perinate 198-202%</u> | | <u>Newborn 198-202%</u> | | <u>Total</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 1/1/2015 - 12/31/2015 | | | | | | | | |
| Member Months | 5,996 | | 180 | | 12 | | 6,188 | |
| Experience Period Cost | | | | | | | | |
| Estimated Incurred Claims | 188,568 | 31.45 | 7,237 | 40.21 | 0 | 0.00 | 195,805 | 31.64 |
| Other Costs/Refunds | -379 | -0.06 | -11 | -0.06 | -3 | -0.27 | -394 | -0.06 |
| Total Cost | 188,189 | 31.39 | 7,226 | 40.14 | -3 | -0.27 | 195,411 | 31.58 |
| Projected FY2017 Member Months | 4,620 | | 180 | | 12 | | 4,812 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.1026 | | 1.0000 | | 1.0000 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 189,681 | 41.06 | 8,572 | 47.62 | -4 | -0.31 | 198,250 | 41.20 |
| Administrative Expenses | 8,316 | 1.80 | 324 | 1.80 | 22 | 1.80 | 8,662 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 205,711 | 44.53 | 7,382 | 41.01 | 195 | 16.29 | 213,289 | 44.32 |

CHIP Perinatal Rate Setting
 FY2017 Pharmacy Capitation Rate Summary
 Lubbock Area

| | <u>Perinate <198%</u> | | <u>Perinate 198-202%</u> | | <u>Newborn 198-202%</u> | | <u>Total</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 1/1/2015 - 12/31/2015 | | | | | | | | |
| Member Months | 4,864 | | 113 | | 44 | | 5,021 | |
| Experience Period Cost | | | | | | | | |
| Estimated Incurred Claims | 180,681 | 37.15 | 4,002 | 35.42 | 453 | 10.30 | 185,136 | 36.87 |
| Other Costs/Refunds | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Total Cost | 180,681 | 37.15 | 4,002 | 35.42 | 453 | 10.30 | 185,136 | 36.87 |
| Projected FY2017 Member Months | 4,428 | | 113 | | 44 | | 4,585 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.1029 | | 1.0000 | | 1.0000 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 215,226 | 48.61 | 4,748 | 42.02 | 537 | 12.21 | 220,512 | 48.09 |
| Administrative Expenses | 7,970 | 1.80 | 203 | 1.80 | 79 | 1.80 | 8,253 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 231,893 | 52.37 | 4,634 | 41.01 | 717 | 16.29 | 237,244 | 51.74 |

CHIP Perinatal Rate Setting
 FY2017 Pharmacy Capitation Rate Summary
 Nueces Area

| | <u>Perinate <198%</u> | | <u>Perinate 198-202%</u> | | <u>Newborn 198-202%</u> | | <u>Total</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 1/1/2015 - 12/31/2015 | | | | | | | | |
| Member Months | 3,257 | | 121 | | 32 | | 3,410 | |
| Experience Period Cost | | | | | | | | |
| Estimated Incurred Claims | 129,203 | 39.67 | 4,867 | 40.22 | 214 | 6.67 | 134,283 | 39.38 |
| Other Costs/Refunds | -513 | -0.16 | -17 | -0.14 | 60 | 1.89 | -470 | -0.14 |
| Total Cost | 128,690 | 39.51 | 4,849 | 40.08 | 274 | 8.56 | 133,813 | 39.24 |
| Projected FY2017 Member Months | 2,244 | | 121 | | 32 | | 2,397 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.2781 | | 1.0000 | | 1.0000 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 134,446 | 59.91 | 5,753 | 47.55 | 325 | 10.16 | 140,524 | 58.63 |
| Administrative Expenses | 4,039 | 1.80 | 218 | 1.80 | 58 | 1.80 | 4,315 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 143,881 | 64.12 | 4,962 | 41.01 | 521 | 16.29 | 149,364 | 62.31 |

CHIP Perinatal Rate Setting
 FY2017 Pharmacy Capitation Rate Summary
 Tarrant Area

| | <u>Perinate <198%</u> | | <u>Perinate 198-202%</u> | | <u>Newborn 198-202%</u> | | <u>Total</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 1/1/2015 - 12/31/2015 | | | | | | | | |
| Member Months | 38,215 | | 839 | | 131 | | 39,185 | |
| Experience Period Cost | | | | | | | | |
| Estimated Incurred Claims | 1,462,340 | 38.27 | 26,890 | 32.05 | 113 | 0.86 | 1,489,343 | 38.01 |
| Other Costs/Refunds | -921 | -0.02 | -21 | -0.03 | -3 | -0.02 | -945 | -0.02 |
| Total Cost | 1,461,419 | 38.24 | 26,869 | 32.03 | 110 | 0.84 | 1,488,398 | 37.98 |
| Projected FY2017 Member Months | 32,256 | | 839 | | 131 | | 33,226 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | |
| 340B Pricing | 1.0010 | | 1.0002 | | 1.0000 | | | |
| Makena Adjustment | 1.0924 | | 1.0000 | | 1.0000 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 1,600,296 | 49.61 | 31,884 | 38.00 | 130 | 1.00 | 1,632,310 | 49.13 |
| Administrative Expenses | 58,061 | 1.80 | 1,510 | 1.80 | 236 | 1.80 | 59,807 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 1,722,968 | 53.42 | 34,407 | 41.01 | 2,134 | 16.29 | 1,759,509 | 52.96 |

CHIP Perinatal Rate Setting
 FY2017 Pharmacy Capitation Rate Summary
 Travis Area

| | <u>Perinate <198%</u> | | <u>Perinate 198-202%</u> | | <u>Newborn 198-202%</u> | | <u>Total</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 1/1/2015 - 12/31/2015 | | | | | | | | |
| Member Months | 28,006 | | 470 | | 104 | | 28,580 | |
| Experience Period Cost | | | | | | | | |
| Estimated Incurred Claims | 594,799 | 21.24 | 2,619 | 5.57 | 8,654 | 83.21 | 606,071 | 21.21 |
| Other Costs/Refunds | 43 | 0.00 | 0 | 0.00 | 0 | 0.00 | 43 | 0.00 |
| Total Cost | 594,841 | 21.24 | 2,619 | 5.57 | 8,654 | 83.21 | 606,114 | 21.21 |
| Projected FY2017 Member Months | 23,676 | | 470 | | 104 | | 24,250 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.1685 | | 1.0000 | | 1.0000 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 697,140 | 29.45 | 3,107 | 6.61 | 10,267 | 98.72 | 710,514 | 29.30 |
| Administrative Expenses | 42,617 | 1.80 | 846 | 1.80 | 187 | 1.80 | 43,650 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 768,579 | 32.46 | 19,275 | 41.01 | 1,694 | 16.29 | 789,548 | 32.56 |

CHIP Perinatal Rate Setting
 FY2017 Pharmacy Capitation Rate Summary
 RSA Area

| | <u>Perinate <198%</u> | | <u>Perinate 198-202%</u> | | <u>Newborn 198-202%</u> | | <u>Total</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 1/1/2015 - 12/31/2015 | | | | | | | | |
| Member Months | 93,589 | | 1,539 | | 230 | | 95,358 | |
| Experience Period Cost | | | | | | | | |
| Estimated Incurred Claims | 3,620,011 | 38.68 | 49,135 | 31.93 | 2,328 | 10.12 | 3,671,474 | 38.50 |
| Other Costs/Refunds | -19,137 | -0.20 | -245 | -0.16 | -83 | -0.36 | -19,465 | -0.20 |
| Total Cost | 3,600,874 | 38.48 | 48,890 | 31.77 | 2,245 | 9.76 | 3,652,009 | 38.30 |
| Projected FY2017 Member Months | 75,456 | | 1,539 | | 230 | | 77,225 | |
| Annual Trend Assumption | 10.8 % | | 10.8 % | | 10.8 % | | | |
| Provider Reimbursement Adjustments | | | | | | | | |
| 340B Pricing | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Makena Adjustment | 1.3143 | | 1.0000 | | 1.0000 | | | |
| Other Adjustments | 1.0000 | | 1.0000 | | 1.0000 | | | |
| Projected Incurred Claims | 4,526,936 | 59.99 | 58,003 | 37.69 | 2,664 | 11.58 | 4,587,603 | 59.41 |
| Administrative Expenses | 135,821 | 1.80 | 2,770 | 1.80 | 414 | 1.80 | 139,005 | 1.80 |
| Risk Margin | 2.0 % | | 2.0 % | | 2.0 % | | | |
| Premium Tax | 1.75 % | | 1.75 % | | 1.75 % | | | |
| Projected Total Cost | 4,844,423 | 64.20 | 63,114 | 41.01 | 3,747 | 16.29 | 4,911,284 | 63.60 |

Attachment 3

Trend Analysis

The pharmacy rating methodology uses assumed trend factors to adjust the base period (generally January 1, 2015 through December 31, 2015) claims cost to the rating period (FY2017). 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 and the actuary's professional judgment regarding anticipated future cost changes. The trend rate assumption varies by program and risk group but is the same for all service areas.

The trend analysis included a review of managed care utilization and cost experience data paid through March 31, 2016. Utilization (days supply per member) and cost per service (plan payments per days supply) statistics were developed by program, risk group and drug type (brand, generic and specialty) through February 2016. From this experience, the average annual utilization and cost per service were determined for each of the four 12-month periods ending February 2016.

Only those drugs covered under the capitated arrangement are included in the trend analysis. Anti-viral agents used for the treatment of Hepatitis C virus and the drug Orkambi are not included in the analysis as those drugs are carved out of the managed care contract. In addition, due to the significant variation in the intensity of flu season in recent years, experience for the drug Tamiflu was removed from the trend analysis.

The trend assumptions for the remainder of FY2016 and all of FY2017 were developed using the following formula. For each program/risk group/drug type combination, the utilization and cost per service trend assumptions were set equal to one-third the experience trend rate for the 12-month period ending February 2015 plus two-thirds the experience trend rate for the 12-month period ending February 2016. Some subjective adjustments were required in the event that a specific utilization or cost per service trend was unreasonably high or low, due to small sample size, shock claim or other reasons. The final cost trend assumption for each program and risk group was then determined by applying the assumed utilization and cost per service trends by individual drug type to actual experience for the 12-month period ending February 2016 and combining the results into a single trend assumption.

For STAR+PLUS, the MRSA expansion area and the IDD population entered the program effective September 1, 2014 and the nursing facility populations became effective March 1, 2015. These service areas and populations were excluded from the STAR+PLUS trend analysis in order to avoid distorting the historical average costs and resulting trends. The trend assumption applied to the IDD and nursing facility clients was set equal to the average STAR+PLUS trend for all clients included in the trend analysis (7.3%).

The attached exhibits present the derivation of the trend assumptions for each program.

Exhibit A – STAR Program

Exhibit B – STAR+PLUS Program

Exhibit C – STAR Health Program

Exhibit D – CHIP and CHIP Perinatal Programs

Please note that the MCOs were provided a detailed trend analysis file which included historical monthly utilization and cost experience as well as all of the formulas and assumptions used in developing the trend assumptions.

Below is a summary of the selected annual cost trend assumptions for each program/risk group.

STAR

| | |
|------------------------|--------|
| Children Under Age One | -0.5 % |
| Children Ages 1-5 | 0.0 % |
| Children Ages 6-14 | 5.5 % |
| Children Ages 15-18 | 4.9 % |
| Children Ages 19-20 | 10.0 % |
| TANF Adults | 11.1 % |
| Pregnant Women | 20.0 % |

STAR+PLUS

| | |
|---------------------|-------|
| Medicaid Only OCC | 7.1 % |
| Medicaid Only HCBS | 9.1 % |
| Medicaid Only NF | 7.3 % |
| IDD Under Age 21 | 7.3 % |
| IDD Age 21 and Over | 7.3 % |

CHIP

| | |
|-----------------|--------|
| All Risk Groups | 10.8 % |
|-----------------|--------|

STAR Health

| | |
|----------|-------|
| All Ages | 2.1 % |
|----------|-------|

FY2017 Prescription Drug Rating Analysis
STAR Pharmacy Trends

| | Children <1 | Children 1-5 | Children 6-14 | Children 15-18 | Children 19-20 | TANF Adults | Pregnant Women | Total | Case-Mix Adjusted |
|---|----------------|-----------------|------------------|-------------------|-------------------|----------------|-------------------|---------|----------------------|
| Annual Trend in Number of Scripts per Member per Month | | | | | | | | | |
| Brand Drugs | | | | | | | | | |
| 3/2013-2/2014 | -15.1 % | -21.7 % | -16.5 % | -13.3 % | -6.8 % | -4.2 % | -0.3 % | -15.5 % | -15.5 % |
| 3/2014-2/2015 | -18.8 % | -12.6 % | -8.6 % | -11.8 % | -24.9 % | -19.0 % | -4.5 % | -11.0 % | -11.3 % |
| 3/2015-2/2016 | -9.1 % | -6.0 % | -6.8 % | -5.4 % | -5.1 % | -4.3 % | 3.5 % | -5.6 % | -5.6 % |
| Use | -12.3 % | -8.2 % | -7.4 % | -7.6 % | -11.7 % | -9.2 % | 0.8 % | -7.2 % | -7.3 % |
| Generic Drugs | | | | | | | | | |
| 3/2013-2/2014 | -4.9 % | -2.0 % | 0.2 % | 2.1 % | 1.3 % | 7.4 % | 0.6 % | -0.5 % | 0.0 % |
| 3/2014-2/2015 | -3.0 % | 1.2 % | 2.5 % | -1.8 % | -11.9 % | -4.9 % | -5.3 % | -0.9 % | -0.2 % |
| 3/2015-2/2016 | -7.8 % | -8.3 % | -4.4 % | -2.9 % | -2.6 % | 3.0 % | -6.0 % | -5.6 % | -5.0 % |
| Use | -6.2 % | -5.1 % | -2.1 % | -2.5 % | -5.7 % | 0.4 % | -5.8 % | -3.3 % | -3.3 % |
| Specialty Drugs | | | | | | | | | |
| 3/2013-2/2014 | -17.4 % | 5.5 % | 7.3 % | 15.2 % | 12.0 % | 12.7 % | 36.9 % | 2.4 % | 3.1 % |
| 3/2014-2/2015 | -31.9 % | 6.4 % | 8.0 % | 16.3 % | 84.9 % | 3.5 % | 106.4 % | 4.4 % | 4.5 % |
| 3/2015-2/2016 | -27.2 % | 0.0 % | 9.7 % | 1.5 % | 44.4 % | 9.3 % | 92.0 % | 11.6 % | 12.0 % |
| Use | 0.0 % | 2.1 % | 9.2 % | 6.4 % | 20.0 % | 7.4 % | 20.0 % | 9.7 % | 9.3 % |
| All Drugs | | | | | | | | | |
| 3/2013-2/2014 | -7.3 % | -6.6 % | -5.2 % | -2.2 % | -0.4 % | 5.1 % | 0.4 % | -4.5 % | -4.2 % |
| 3/2014-2/2015 | -6.4 % | -1.5 % | -0.7 % | -4.2 % | -14.3 % | -7.4 % | -4.8 % | -3.3 % | -2.8 % |
| 3/2015-2/2016 | -8.1 % | -7.9 % | -5.0 % | -3.4 % | -2.8 % | 1.8 % | -2.9 % | -5.6 % | -5.1 % |
| Use | -7.2 % | -5.6 % | -3.4 % | -3.6 % | -6.5 % | -1.0 % | -3.6 % | -4.1 % | -4.1 % |
| Annual Trend in Days Supply per Member per Month | | | | | | | | | |
| Brand Drugs | | | | | | | | | |
| 3/2013-2/2014 | -15.2 % | -23.2 % | -16.0 % | -13.4 % | -6.2 % | -4.8 % | -0.4 % | -14.5 % | -14.7 % |
| 3/2014-2/2015 | -19.6 % | -11.6 % | -7.7 % | -11.1 % | -25.5 % | -19.3 % | -4.3 % | -9.2 % | -10.3 % |
| 3/2015-2/2016 | -4.4 % | -6.3 % | -6.2 % | -4.4 % | -4.4 % | -4.6 % | 3.3 % | -4.4 % | -4.8 % |
| Use | -8.8 % | -7.4 % | -6.0 % | -5.9 % | -10.8 % | -8.8 % | 1.5 % | -5.5 % | -5.7 % |
| Generic Drugs | | | | | | | | | |
| 3/2013-2/2014 | -1.0 % | 4.0 % | 9.0 % | 10.0 % | 9.6 % | 12.1 % | 5.6 % | 6.8 % | 7.3 % |
| 3/2014-2/2015 | -1.5 % | 1.7 % | 2.3 % | 0.4 % | -4.8 % | -1.1 % | -3.7 % | 1.2 % | 0.7 % |
| 3/2015-2/2016 | -6.9 % | -5.0 % | 1.5 % | 2.4 % | 4.8 % | 6.8 % | -1.8 % | -0.2 % | 0.0 % |
| Use | -4.3 % | -2.0 % | 2.5 % | 2.5 % | 2.4 % | 5.0 % | -1.7 % | 1.2 % | 1.2 % |
| Specialty Drugs | | | | | | | | | |
| 3/2013-2/2014 | -16.7 % | 6.7 % | 7.8 % | 14.6 % | 14.5 % | 13.5 % | 35.4 % | 3.1 % | 3.7 % |
| 3/2014-2/2015 | -32.5 % | 2.2 % | 8.7 % | 14.4 % | 76.7 % | 2.0 % | 94.7 % | 2.9 % | 2.9 % |
| 3/2015-2/2016 | -28.0 % | 2.1 % | 11.4 % | 1.7 % | 43.8 % | 9.7 % | 91.1 % | 12.1 % | 12.4 % |
| Use | 0.0 % | 2.9 % | 11.4 % | 6.8 % | 20.0 % | 8.0 % | 20.0 % | 10.5 % | 10.1 % |
| All Drugs | | | | | | | | | |
| 3/2013-2/2014 | -4.9 % | -4.3 % | -1.8 % | 1.2 % | 3.9 % | 7.9 % | 2.9 % | -0.8 % | -0.6 % |
| 3/2014-2/2015 | -6.1 % | -1.6 % | -1.4 % | -3.3 % | -11.2 % | -5.1 % | -3.6 % | -2.0 % | -2.7 % |
| 3/2015-2/2016 | -6.6 % | -5.3 % | -1.2 % | 0.4 % | 2.6 % | 4.7 % | 1.0 % | -1.4 % | -1.3 % |
| Use | -5.2 % | -3.1 % | -0.2 % | 0.2 % | -0.6 % | 2.7 % | 0.0 % | -0.6 % | -0.7 % |

FY2017 Prescription Drug Rating Analysis
STAR Pharmacy Trends

| | Children <1 | Children 1-5 | Children 6-14 | Children 15-18 | Children 19-20 | TANF Adults | Pregnant Women | Total | Case-Mix Adjusted |
|---|----------------|-----------------|------------------|-------------------|-------------------|----------------|-------------------|--------------|----------------------|
| Annual Trend in Incurred Claims per Days Supply | | | | | | | | | |
| Brand Drugs | | | | | | | | | |
| 3/2013-2/2014 | -5.4 % | 3.0 % | 12.1 % | 14.9 % | 7.6 % | 13.8 % | 6.0 % | 8.7 % | 10.0 % |
| 3/2014-2/2015 | 9.7 % | 9.6 % | 11.7 % | 15.5 % | 16.9 % | 15.2 % | 4.8 % | 12.6 % | 11.8 % |
| 3/2015-2/2016 | 14.5 % | 13.4 % | 12.5 % | 12.9 % | 15.1 % | 14.6 % | 29.7 % | 14.0 % | 14.0 % |
| Use | 12.9 % | 12.1 % | 12.2 % | 13.8 % | 15.7 % | 14.8 % | 21.4 % | 12.8 % | 13.4 % |
| Generic Drugs | | | | | | | | | |
| 3/2013-2/2014 | 5.9 % | -2.6 % | -7.2 % | 2.0 % | 7.5 % | 3.0 % | 16.9 % | -2.2 % | -2.3 % |
| 3/2014-2/2015 | -5.5 % | 0.6 % | 3.0 % | 1.7 % | 1.0 % | 6.7 % | 15.5 % | 2.2 % | 2.5 % |
| 3/2015-2/2016 | -11.0 % | -9.2 % | -5.0 % | -6.0 % | 2.5 % | 12.7 % | -0.1 % | -5.1 % | -4.7 % |
| Use | -9.2 % | -5.9 % | -2.4 % | -3.5 % | 2.0 % | 10.7 % | 5.1 % | -1.8 % | -1.8 % |
| Specialty Drugs | | | | | | | | | |
| 3/2013-2/2014 | 3.2 % | -1.1 % | 7.7 % | 14.8 % | 144.9 % | -4.5 % | -3.2 % | 4.1 % | 4.2 % |
| 3/2014-2/2015 | 9.1 % | 16.9 % | 5.0 % | 7.4 % | 54.6 % | 6.0 % | -1.5 % | 6.7 % | 6.9 % |
| 3/2015-2/2016 | 9.0 % | -3.8 % | 7.0 % | -9.8 % | -25.0 % | 20.3 % | 32.5 % | 2.7 % | 7.5 % |
| Use | 9.0 % | 3.1 % | 6.3 % | -4.1 % | 1.5 % | 15.5 % | 21.2 % | 7.4 % | 8.3 % |
| All Drugs | | | | | | | | | |
| 3/2013-2/2014 | -6.5 % | -8.2 % | -1.1 % | 4.1 % | 11.6 % | 1.6 % | 7.8 % | -2.1 % | -1.5 % |
| 3/2014-2/2015 | -9.4 % | 1.8 % | 5.9 % | 8.5 % | 31.3 % | 2.9 % | 12.2 % | 5.4 % | 4.5 % |
| 3/2015-2/2016 | -2.1 % | 3.1 % | 5.6 % | 2.7 % | 6.0 % | 10.2 % | 34.3 % | 7.2 % | 6.4 % |
| Use | 4.9 % | 3.2 % | 5.7 % | 4.7 % | 10.7 % | 8.2 % | 23.6 % | 6.9 % | 6.6 % |
| Annual Trend in Incurred Claims per Member per Month | | | | | | | | | |
| Brand Drugs | | | | | | | | | |
| 3/2013-2/2014 | -19.7 % | -20.9 % | -5.8 % | -0.5 % | 0.9 % | 8.4 % | 5.5 % | -7.1 % | -6.7 % |
| 3/2014-2/2015 | -11.8 % | -3.1 % | 3.1 % | 2.7 % | -12.9 % | -7.0 % | 0.3 % | 2.3 % | 0.0 % |
| 3/2015-2/2016 | 9.4 % | 6.2 % | 5.5 % | 8.0 % | 10.0 % | 9.3 % | 33.9 % | 9.0 % | 8.0 % |
| Use | 3.0 % | 3.8 % | 5.5 % | 7.1 % | 3.2 % | 4.7 % | 23.2 % | 6.6 % | 6.5 % |
| Generic Drugs | | | | | | | | | |
| 3/2013-2/2014 | 4.8 % | 1.3 % | 1.2 % | 12.2 % | 17.9 % | 15.5 % | 23.4 % | 4.4 % | 4.7 % |
| 3/2014-2/2015 | -6.9 % | 2.3 % | 5.4 % | 2.1 % | -3.8 % | 5.5 % | 11.2 % | 3.4 % | 3.5 % |
| 3/2015-2/2016 | -17.2 % | -13.7 % | -3.7 % | -3.8 % | 7.5 % | 20.3 % | -1.9 % | -5.3 % | -5.2 % |
| Use | -13.1 % | -7.8 % | 0.0 % | -1.1 % | 4.4 % | 16.2 % | 3.3 % | -0.6 % | -0.7 % |
| Specialty Drugs | | | | | | | | | |
| 3/2013-2/2014 | -14.0 % | 5.5 % | 16.1 % | 31.5 % | 180.4 % | 8.4 % | 31.0 % | 7.3 % | 8.2 % |
| 3/2014-2/2015 | -26.3 % | 19.6 % | 14.2 % | 22.8 % | 173.3 % | 8.1 % | 91.9 % | 9.8 % | 9.0 % |
| 3/2015-2/2016 | -21.5 % | -1.8 % | 19.1 % | -8.3 % | 7.9 % | 31.9 % | 153.1 % | 15.0 % | 14.7 % |
| Use | 9.0 % | 6.1 % | 18.4 % | 2.4 % | 21.8 % | 24.7 % | 45.4 % | 18.6 % | 18.4 % |
| All Drugs | | | | | | | | | |
| 3/2013-2/2014 | -11.1 % | -12.2 % | -2.9 % | 5.3 % | 16.0 % | 9.7 % | 11.0 % | -2.8 % | -2.5 % |
| 3/2014-2/2015 | -14.9 % | 0.2 % | 4.5 % | 5.0 % | 16.6 % | -2.4 % | 8.1 % | 3.3 % | 1.8 % |
| 3/2015-2/2016 | -8.6 % | -2.3 % | 4.3 % | 3.1 % | 8.7 % | 15.3 % | 35.7 % | 5.7 % | 5.1 % |
| Use | -0.5 % | 0.0 % | 5.5 % | 4.9 % | 10.0 % | 11.1 % | 20.0 % | 6.3 % | 6.2 % |

FY2017 Prescription Drug Rating Analysis
STAR Pharmacy Trends

| | <u>Children <1</u> | <u>Children 1-5</u> | <u>Children 6-14</u> | <u>Children 15-18</u> | <u>Children 19-20</u> | <u>TANF Adults</u> | <u>Pregnant Women</u> | <u>Total</u> | <u>Case-Mix Adjusted</u> |
|--|---------------------------|-------------------------|--------------------------|---------------------------|---------------------------|------------------------|---------------------------|--------------|------------------------------|
| Generic Dispensing Rate (Days Supply) | | | | | | | | | |
| 3/2013-2/2014 | 75.6 % | 75.2 % | 62.9 % | 67.3 % | 67.2 % | 77.5 % | 55.4 % | 69.0 % | 68.7 % |
| 3/2014-2/2015 | 79.3 % | 77.7 % | 65.2 % | 69.9 % | 72.0 % | 80.7 % | 55.4 % | 71.3 % | 71.1 % |
| 3/2015-2/2016 | 79.0 % | 77.9 % | 66.9 % | 71.3 % | 73.6 % | 82.3 % | 53.8 % | 72.1 % | 72.1 % |
| FY2017 | 80.1 % | 79.3 % | 69.7 % | 73.8 % | 77.0 % | 85.1 % | 52.5 % | 74.0 % | 74.1 % |

FY2017 Prescription Drug Rating Analysis
STAR+PLUS Pharmacy Trends

| | <u>OCC</u> | <u>HCBS</u> | <u>Total</u> | <u>Case-Mix Adjusted</u> |
|---|------------|-------------|--------------|------------------------------|
| Annual Trend in Number of Scripts per Member per Month | | | | |
| Brand Drugs | | | | |
| 3/2013-2/2014 | -8.2 % | -7.1 % | -7.6 % | -8.0 % |
| 3/2014-2/2015 | -11.6 % | -10.4 % | -10.8 % | -11.4 % |
| 3/2015-2/2016 | -8.4 % | -5.0 % | -7.1 % | -8.0 % |
| Use | -9.5 % | -6.8 % | -8.9 % | -9.1 % |
| Generic Drugs | | | | |
| 3/2013-2/2014 | 9.9 % | 9.3 % | 10.4 % | 9.8 % |
| 3/2014-2/2015 | 0.9 % | 2.1 % | 1.8 % | 1.0 % |
| 3/2015-2/2016 | 2.1 % | 3.3 % | 3.2 % | 2.2 % |
| Use | 1.7 % | 2.9 % | 2.1 % | 1.8 % |
| Specialty Drugs | | | | |
| 3/2013-2/2014 | 10.6 % | 0.5 % | 10.2 % | 9.6 % |
| 3/2014-2/2015 | 0.4 % | -1.4 % | 0.6 % | 0.2 % |
| 3/2015-2/2016 | 1.7 % | -2.6 % | 1.7 % | 1.3 % |
| Use | 1.2 % | -2.2 % | 1.0 % | 0.9 % |
| All Drugs | | | | |
| 3/2013-2/2014 | 5.5 % | 5.1 % | 5.9 % | 5.4 % |
| 3/2014-2/2015 | -1.8 % | -0.7 % | -1.0 % | -1.7 % |
| 3/2015-2/2016 | 0.1 % | 1.6 % | 1.2 % | 0.2 % |
| Use | -0.2 % | 1.1 % | 0.1 % | -0.1 % |
| Annual Trend in Days Supply per Member per Month | | | | |
| Brand Drugs | | | | |
| 3/2013-2/2014 | -9.0 % | -7.8 % | -8.4 % | -8.8 % |
| 3/2014-2/2015 | -11.8 % | -10.6 % | -11.0 % | -11.7 % |
| 3/2015-2/2016 | -9.0 % | -5.6 % | -7.7 % | -8.6 % |
| Use | -9.9 % | -7.2 % | -9.3 % | -9.5 % |
| Generic Drugs | | | | |
| 3/2013-2/2014 | 12.0 % | 10.3 % | 12.4 % | 11.8 % |
| 3/2014-2/2015 | 2.2 % | 2.4 % | 3.0 % | 2.2 % |
| 3/2015-2/2016 | 3.4 % | 4.6 % | 4.6 % | 3.6 % |
| Use | 3.0 % | 3.9 % | 3.3 % | 3.1 % |
| Specialty Drugs | | | | |
| 3/2013-2/2014 | 11.0 % | 0.4 % | 10.5 % | 9.9 % |
| 3/2014-2/2015 | 0.3 % | -1.9 % | 0.5 % | 0.1 % |
| 3/2015-2/2016 | 1.5 % | -2.6 % | 1.6 % | 1.2 % |
| Use | 1.1 % | -2.3 % | 0.9 % | 0.8 % |
| All Drugs | | | | |
| 3/2013-2/2014 | 6.5 % | 5.5 % | 6.9 % | 6.3 % |
| 3/2014-2/2015 | -1.0 % | -0.6 % | -0.2 % | -1.0 % |
| 3/2015-2/2016 | 0.9 % | 2.5 % | 2.0 % | 1.1 % |
| Use | 0.7 % | 1.8 % | 1.1 % | 0.8 % |

FY2017 Prescription Drug Rating Analysis
STAR+PLUS Pharmacy Trends

| | <u>OCC</u> | <u>HCBS</u> | <u>Total</u> | <u>Case-Mix Adjusted</u> |
|---|--------------|--------------|--------------|------------------------------|
| Annual Trend in Incurred Claims per Days Supply | | | | |
| Brand Drugs | | | | |
| 3/2013-2/2014 | 12.5 % | 14.9 % | 12.7 % | 12.8 % |
| 3/2014-2/2015 | 15.1 % | 16.2 % | 15.3 % | 15.2 % |
| 3/2015-2/2016 | 16.2 % | 15.5 % | 16.3 % | 16.1 % |
| Use | 15.9 % | 15.7 % | 15.9 % | 15.9 % |
| Generic Drugs | | | | |
| 3/2013-2/2014 | -1.4 % | -4.4 % | -1.6 % | -1.8 % |
| 3/2014-2/2015 | 0.8 % | 5.8 % | 1.5 % | 1.4 % |
| 3/2015-2/2016 | 12.4 % | 13.0 % | 12.7 % | 12.5 % |
| Use | 8.5 % | 10.6 % | 8.9 % | 8.8 % |
| Specialty Drugs | | | | |
| 3/2013-2/2014 | 0.4 % | 8.9 % | 1.0 % | 1.2 % |
| 3/2014-2/2015 | 3.8 % | 9.3 % | 4.5 % | 4.3 % |
| 3/2015-2/2016 | 12.2 % | 13.6 % | 12.7 % | 12.4 % |
| Use | 9.4 % | 12.1 % | 9.7 % | 9.7 % |
| All Drugs | | | | |
| 3/2013-2/2014 | -0.9 % | 1.0 % | -0.7 % | -0.7 % |
| 3/2014-2/2015 | 3.3 % | 5.9 % | 3.6 % | 3.7 % |
| 3/2015-2/2016 | 8.3 % | 8.1 % | 8.3 % | 8.2 % |
| Use | 6.4 % | 7.2 % | 6.5 % | 6.5 % |
| Annual Trend in Incurred Claims per Member per Month | | | | |
| Brand Drugs | | | | |
| 3/2013-2/2014 | 2.3 % | 5.9 % | 3.2 % | 2.8 % |
| 3/2014-2/2015 | 1.5 % | 3.9 % | 2.6 % | 1.8 % |
| 3/2015-2/2016 | 5.8 % | 9.0 % | 7.3 % | 6.2 % |
| Use | 4.4 % | 7.4 % | 5.1 % | 4.8 % |
| Generic Drugs | | | | |
| 3/2013-2/2014 | 10.4 % | 5.5 % | 10.6 % | 9.8 % |
| 3/2014-2/2015 | 3.0 % | 8.3 % | 4.5 % | 3.6 % |
| 3/2015-2/2016 | 16.2 % | 18.2 % | 17.9 % | 16.5 % |
| Use | 11.8 % | 14.9 % | 12.5 % | 13.1 % |
| Specialty Drugs | | | | |
| 3/2013-2/2014 | 11.4 % | 9.2 % | 11.7 % | 11.2 % |
| 3/2014-2/2015 | 4.1 % | 7.3 % | 5.0 % | 4.4 % |
| 3/2015-2/2016 | 14.0 % | 10.6 % | 14.5 % | 13.6 % |
| Use | 10.6 % | 9.5 % | 10.7 % | 10.5 % |
| All Drugs | | | | |
| 3/2013-2/2014 | 5.5 % | 6.5 % | 6.1 % | 5.6 % |
| 3/2014-2/2015 | 2.3 % | 5.2 % | 3.4 % | 2.6 % |
| 3/2015-2/2016 | 9.3 % | 10.8 % | 10.5 % | 9.4 % |
| Use | 7.1 % | 9.1 % | 7.6 % | 7.3 % |

FY2017 Prescription Drug Rating Analysis
 STAR+PLUS Pharmacy Trends

| | <u>OCC</u> | <u>HCBS</u> | <u>Total</u> | <u>Case-Mix Adjusted</u> |
|--|------------|-------------|--------------|------------------------------|
| Generic Dispensing Rate (Days Supply) | | | | |
| 3/2013-2/2014 | 75.9 % | 76.1 % | 75.9 % | 75.9 % |
| 3/2014-2/2015 | 78.3 % | 78.4 % | 78.3 % | 78.3 % |
| 3/2015-2/2016 | 80.3 % | 80.1 % | 80.3 % | 80.3 % |
| Use | 83.0 % | 82.6 % | 83.0 % | 83.0 % |

FY2017 Prescription Drug Rating Analysis
 STAR Health Pharmacy Trends

Total

Annual Trend in Number of Scripts per Member per Month

| | |
|--------------------|---------|
| Brand Drugs | |
| 3/2013-2/2014 | -17.2 % |
| 3/2014-2/2015 | -15.6 % |
| 3/2015-2/2016 | -11.8 % |
| Use | -11.8 % |

| | |
|----------------------|--------|
| Generic Drugs | |
| 3/2013-2/2014 | 2.5 % |
| 3/2014-2/2015 | -0.2 % |
| 3/2015-2/2016 | -0.6 % |
| Use | 1.0 % |

| | |
|------------------------|---------|
| Specialty Drugs | |
| 3/2013-2/2014 | -12.6 % |
| 3/2014-2/2015 | -18.3 % |
| 3/2015-2/2016 | -3.2 % |
| Use | -6.8 % |

| | |
|------------------|--------|
| All Drugs | |
| 3/2013-2/2014 | -3.8 % |
| 3/2014-2/2015 | -4.5 % |
| 3/2015-2/2016 | -3.4 % |
| Use | -1.8 % |

Annual Trend in Days Supply per Member per Month

| | |
|--------------------|---------|
| Brand Drugs | |
| 3/2013-2/2014 | -17.3 % |
| 3/2014-2/2015 | -15.8 % |
| 3/2015-2/2016 | -13.0 % |
| Use | -12.6 % |

| | |
|----------------------|--------|
| Generic Drugs | |
| 3/2013-2/2014 | 5.0 % |
| 3/2014-2/2015 | -0.8 % |
| 3/2015-2/2016 | 1.1 % |
| Use | 2.0 % |

| | |
|------------------------|---------|
| Specialty Drugs | |
| 3/2013-2/2014 | -12.1 % |
| 3/2014-2/2015 | -19.5 % |
| 3/2015-2/2016 | -5.0 % |
| Use | -8.5 % |

| | |
|------------------|--------|
| All Drugs | |
| 3/2013-2/2014 | -3.0 % |
| 3/2014-2/2015 | -5.4 % |
| 3/2015-2/2016 | -2.7 % |
| Use | -1.5 % |

FY2017 Prescription Drug Rating Analysis
 STAR Health Pharmacy Trends

Total

Annual Trend in Incurred Claims per Days Supply

| | |
|------------------------|---------|
| Brand Drugs | |
| 3/2013-2/2014 | 11.1 % |
| 3/2014-2/2015 | 16.7 % |
| 3/2015-2/2016 | 16.0 % |
| Use | 16.2 % |
| Generic Drugs | |
| 3/2013-2/2014 | -19.4 % |
| 3/2014-2/2015 | 11.0 % |
| 3/2015-2/2016 | -4.5 % |
| Use | 0.7 % |
| Specialty Drugs | |
| 3/2013-2/2014 | 7.5 % |
| 3/2014-2/2015 | 5.5 % |
| 3/2015-2/2016 | 19.0 % |
| Use | 14.5 % |
| All Drugs | |
| 3/2013-2/2014 | -6.7 % |
| 3/2014-2/2015 | 5.0 % |
| 3/2015-2/2016 | 3.7 % |
| Use | 3.6 % |

Annual Trend in Incurred Claims per Member per Month

| | |
|------------------------|--------------|
| Brand Drugs | |
| 3/2013-2/2014 | -8.2 % |
| 3/2014-2/2015 | -1.7 % |
| 3/2015-2/2016 | 0.9 % |
| Use | 1.6 % |
| Generic Drugs | |
| 3/2013-2/2014 | -15.4 % |
| 3/2014-2/2015 | 10.1 % |
| 3/2015-2/2016 | -3.5 % |
| Use | 2.7 % |
| Specialty Drugs | |
| 3/2013-2/2014 | -5.5 % |
| 3/2014-2/2015 | -15.1 % |
| 3/2015-2/2016 | 13.0 % |
| Use | 4.8 % |
| All Drugs | |
| 3/2013-2/2014 | -9.4 % |
| 3/2014-2/2015 | -0.7 % |
| 3/2015-2/2016 | 0.9 % |
| Use | 2.1 % |

FY2017 Prescription Drug Rating Analysis
STAR Health Pharmacy Trends

Total

Generic Dispensing Rate (Days Supply)

| | |
|---------------|--------|
| 3/2013-2/2014 | 69.3 % |
| 3/2014-2/2015 | 72.7 % |
| 3/2015-2/2016 | 75.6 % |
| Use | 79.6 % |

FY2017 Prescription Drug Rating Analysis
CHIP Pharmacy Trends

| | Age <1 | Age 1-5 | Age 6-14 | Age 15-18 | Perinate <185% | Perinate 185%+ | Newborn 185%+ | Total | Case-Mix Adjusted |
|---|-----------|------------|-------------|--------------|-------------------|-------------------|------------------|---------|----------------------|
| Annual Trend in Number of Scripts per Member per Month | | | | | | | | | |
| Brand Drugs | | | | | | | | | |
| 3/2013-2/2014 | -20.5 % | -22.7 % | -15.2 % | -12.1 % | 0.5 % | 0.3 % | -14.4 % | -13.7 % | -13.1 % |
| 3/2014-2/2015 | 18.7 % | -4.2 % | -7.6 % | -10.3 % | 8.0 % | -5.6 % | -48.1 % | -2.9 % | -4.6 % |
| 3/2015-2/2016 | 45.0 % | 1.4 % | -7.1 % | -6.7 % | 15.9 % | 9.8 % | 69.8 % | -0.4 % | -0.9 % |
| Use | 36.2 % | -0.4 % | -7.3 % | -7.9 % | 13.3 % | 4.7 % | 30.5 % | -0.7 % | -1.0 % |
| Generic Drugs | | | | | | | | | |
| 3/2013-2/2014 | -5.6 % | -2.9 % | 0.6 % | 1.9 % | -7.6 % | -6.9 % | -4.4 % | -0.5 % | -1.0 % |
| 3/2014-2/2015 | 54.3 % | 8.7 % | 6.8 % | 1.2 % | 14.9 % | -6.5 % | -44.4 % | 7.7 % | 7.0 % |
| 3/2015-2/2016 | 4.4 % | -3.5 % | -0.3 % | -0.2 % | 6.4 % | 8.4 % | 101.4 % | 0.8 % | -0.4 % |
| Use | 21.0 % | 0.6 % | 2.0 % | 0.3 % | 9.2 % | 3.5 % | 20.0 % | 2.2 % | 2.2 % |
| Specialty Drugs | | | | | | | | | |
| 3/2013-2/2014 | -100.0 % | 7.7 % | -2.3 % | 11.6 % | 28.2 % | | -100.0 % | 3.4 % | 4.2 % |
| 3/2014-2/2015 | -100.0 % | 1.3 % | 3.5 % | -5.8 % | 33.3 % | -65.2 % | -100.0 % | 0.3 % | 2.7 % |
| 3/2015-2/2016 | -100.0 % | 11.7 % | 10.0 % | 4.2 % | 103.1 % | -24.7 % | -100.0 % | 14.4 % | 17.5 % |
| Use | 0.0 % | 8.2 % | 7.8 % | 0.9 % | 20.0 % | 0.0 % | 0.0 % | 8.5 % | 8.3 % |
| All Drugs | | | | | | | | | |
| 3/2013-2/2014 | -7.5 % | -6.4 % | -4.4 % | -1.7 % | -4.4 % | -3.8 % | -5.8 % | -4.3 % | -4.4 % |
| 3/2014-2/2015 | 50.5 % | 6.8 % | 2.7 % | -1.5 % | 12.1 % | -6.2 % | -44.8 % | 5.0 % | 4.0 % |
| 3/2015-2/2016 | 7.9 % | -2.9 % | -2.0 % | -1.5 % | 10.4 % | 8.9 % | 98.5 % | 0.6 % | -0.5 % |
| Use | 22.8 % | 0.5 % | -0.2 % | -1.3 % | 11.0 % | 4.0 % | 20.8 % | 1.5 % | 1.5 % |
| Annual Trend in Days Supply per Member per Month | | | | | | | | | |
| Brand Drugs | | | | | | | | | |
| 3/2013-2/2014 | -25.9 % | -24.5 % | -15.0 % | -12.0 % | 0.3 % | 1.0 % | -1.4 % | -13.4 % | -12.6 % |
| 3/2014-2/2015 | 8.7 % | -3.9 % | -7.0 % | -9.2 % | 9.6 % | -5.4 % | -56.5 % | -1.3 % | -3.4 % |
| 3/2015-2/2016 | 80.5 % | -0.2 % | -7.9 % | -7.1 % | 15.6 % | 11.1 % | 80.6 % | -0.7 % | -1.1 % |
| Use | 20.0 % | -1.4 % | -7.6 % | -7.8 % | 13.6 % | 5.6 % | 20.0 % | -0.2 % | -0.6 % |
| Generic Drugs | | | | | | | | | |
| 3/2013-2/2014 | -6.2 % | 5.3 % | 10.3 % | 8.5 % | -10.3 % | 1.0 % | -6.4 % | 7.7 % | 6.8 % |
| 3/2014-2/2015 | 54.2 % | 7.9 % | 6.8 % | 3.5 % | 21.8 % | -1.2 % | -49.9 % | 7.3 % | 7.6 % |
| 3/2015-2/2016 | 17.3 % | -1.0 % | 4.5 % | 3.6 % | 11.2 % | 21.6 % | 128.8 % | 4.0 % | 3.8 % |
| Use | 29.6 % | 1.9 % | 5.2 % | 3.6 % | 14.8 % | 14.0 % | 20.0 % | 5.2 % | 5.2 % |
| Specialty Drugs | | | | | | | | | |
| 3/2013-2/2014 | -100.0 % | 12.7 % | -1.4 % | 11.0 % | 41.5 % | | -100.0 % | 4.3 % | 5.5 % |
| 3/2014-2/2015 | -100.0 % | 3.1 % | 6.2 % | -5.2 % | 29.8 % | -81.1 % | -100.0 % | 1.8 % | 4.2 % |
| 3/2015-2/2016 | -100.0 % | 7.6 % | 10.3 % | -0.5 % | 124.6 % | 56.7 % | -100.0 % | 14.4 % | 17.6 % |
| Use | 0.0 % | 6.1 % | 9.0 % | -2.1 % | 20.0 % | 10.8 % | 0.0 % | 8.5 % | 8.3 % |
| All Drugs | | | | | | | | | |
| 3/2013-2/2014 | -9.5 % | -2.6 % | -0.7 % | 1.2 % | -4.1 % | 1.4 % | -6.4 % | -0.9 % | -1.2 % |
| 3/2014-2/2015 | 48.1 % | 5.5 % | 1.7 % | -0.5 % | 14.5 % | -4.0 % | -50.7 % | 4.2 % | 3.6 % |
| 3/2015-2/2016 | 23.6 % | -0.9 % | 0.3 % | 0.6 % | 14.1 % | 15.5 % | 123.5 % | 2.4 % | 2.2 % |
| Use | 28.2 % | 1.3 % | 1.3 % | 0.7 % | 14.1 % | 9.3 % | 20.0 % | 3.5 % | 3.4 % |

FY2017 Prescription Drug Rating Analysis
CHIP Pharmacy Trends

| | Age <1 | Age 1-5 | Age 6-14 | Age 15-18 | Perinate <185% | Perinate 185%+ | Newborn 185%+ | Total | Case-Mix Adjusted |
|---|-----------|------------|-------------|--------------|-------------------|-------------------|------------------|--------|----------------------|
| Annual Trend in Incurred Claims per Days Supply | | | | | | | | | |
| Brand Drugs | | | | | | | | | |
| 3/2013-2/2014 | 19.4 % | 33.5 % | 15.1 % | 16.5 % | 15.1 % | 38.1 % | 50.1 % | 15.4 % | 17.6 % |
| 3/2014-2/2015 | 7.7 % | 11.8 % | 10.5 % | 13.7 % | 14.9 % | 0.6 % | -33.8 % | 5.0 % | 11.8 % |
| 3/2015-2/2016 | -38.6 % | -16.4 % | 8.1 % | 32.4 % | 32.2 % | 30.9 % | 0.1 % | 6.8 % | 12.6 % |
| Use | 0.0 % | -7.0 % | 8.9 % | 26.1 % | 26.5 % | 20.8 % | -11.2 % | 10.5 % | 14.1 % |
| Generic Drugs | | | | | | | | | |
| 3/2013-2/2014 | 5.5 % | -4.6 % | -6.5 % | 6.7 % | 12.2 % | 6.7 % | 23.7 % | -2.3 % | -2.7 % |
| 3/2014-2/2015 | -13.6 % | -4.6 % | 2.2 % | 5.1 % | 29.7 % | 26.4 % | -16.0 % | 1.7 % | 3.3 % |
| 3/2015-2/2016 | 7.0 % | -5.4 % | 1.9 % | 5.6 % | 5.7 % | 18.1 % | 10.3 % | 0.9 % | 1.7 % |
| Use | 0.1 % | -5.1 % | 2.0 % | 5.5 % | 13.7 % | 20.9 % | 1.5 % | 2.9 % | 2.6 % |
| Specialty Drugs | | | | | | | | | |
| 3/2013-2/2014 | -100.0 % | 2.0 % | 8.9 % | 10.5 % | 18.5 % | | -100.0 % | 8.0 % | |
| 3/2014-2/2015 | -100.0 % | 26.3 % | -1.7 % | 5.3 % | -23.1 % | -43.8 % | 0.0 % | -1.7 % | 0.1 % |
| 3/2015-2/2016 | -100.0 % | 2.8 % | 10.1 % | 23.6 % | 123.5 % | 717.0 % | 0.0 % | 9.3 % | 18.8 % |
| Use | 0.0 % | 10.6 % | 6.2 % | 17.5 % | 20.0 % | 20.0 % | 0.0 % | 9.2 % | 10.9 % |
| All Drugs | | | | | | | | | |
| 3/2013-2/2014 | 0.3 % | 3.9 % | 1.1 % | 7.5 % | 18.4 % | 35.1 % | 19.5 % | 3.8 % | 4.1 % |
| 3/2014-2/2015 | -14.8 % | 1.3 % | 2.9 % | 4.4 % | 14.9 % | 1.8 % | -26.8 % | 0.4 % | 4.0 % |
| 3/2015-2/2016 | -3.3 % | -10.2 % | 4.1 % | 19.0 % | 37.2 % | 29.7 % | 1.2 % | 5.7 % | 8.5 % |
| Use | -1.7 % | -5.4 % | 3.6 % | 13.7 % | 23.8 % | 19.2 % | -2.1 % | 7.3 % | 7.5 % |
| Annual Trend in Incurred Claims per Member per Month | | | | | | | | | |
| Brand Drugs | | | | | | | | | |
| 3/2013-2/2014 | -11.6 % | 0.7 % | -2.2 % | 2.6 % | 15.5 % | 39.5 % | 48.0 % | 0.0 % | 0.4 % |
| 3/2014-2/2015 | 17.1 % | 7.4 % | 2.8 % | 3.2 % | 25.9 % | -4.8 % | -71.2 % | 3.7 % | 5.4 % |
| 3/2015-2/2016 | 10.8 % | -16.5 % | -0.4 % | 23.0 % | 52.9 % | 45.5 % | 80.7 % | 6.1 % | 7.7 % |
| Use | 20.0 % | -8.3 % | 0.6 % | 16.3 % | 43.7 % | 27.6 % | 6.6 % | 10.3 % | 10.0 % |
| Generic Drugs | | | | | | | | | |
| 3/2013-2/2014 | -1.0 % | 0.4 % | 3.2 % | 15.8 % | 0.6 % | 7.7 % | 15.7 % | 5.2 % | 4.7 % |
| 3/2014-2/2015 | 33.2 % | 2.9 % | 9.1 % | 8.8 % | 58.1 % | 24.9 % | -57.9 % | 9.0 % | 10.5 % |
| 3/2015-2/2016 | 25.6 % | -6.4 % | 6.4 % | 9.4 % | 17.6 % | 43.7 % | 152.4 % | 4.9 % | 5.5 % |
| Use | 29.7 % | -3.3 % | 7.3 % | 9.3 % | 30.5 % | 37.8 % | 21.8 % | 8.3 % | 8.2 % |
| Specialty Drugs | | | | | | | | | |
| 3/2013-2/2014 | -100.0 % | 14.9 % | 7.3 % | 22.6 % | 67.7 % | | -100.0 % | 12.7 % | 13.1 % |
| 3/2014-2/2015 | | 30.2 % | 4.3 % | -0.2 % | -0.2 % | -89.4 % | | 0.0 % | 4.1 % |
| 3/2015-2/2016 | | 10.5 % | 21.5 % | 22.9 % | 402.0 % | 1179.9 % | | 25.1 % | 30.2 % |
| Use | 0.0 % | 17.3 % | 15.8 % | 15.0 % | 44.0 % | 33.0 % | 0.0 % | 18.5 % | 18.3 % |
| All Drugs | | | | | | | | | |
| 3/2013-2/2014 | -9.3 % | 1.3 % | 0.3 % | 8.8 % | 13.6 % | 36.9 % | 11.8 % | 2.9 % | 3.1 % |
| 3/2014-2/2015 | 26.1 % | 6.8 % | 4.6 % | 3.9 % | 31.5 % | -2.3 % | -64.0 % | 4.6 % | 6.6 % |
| 3/2015-2/2016 | 19.5 % | -11.0 % | 4.4 % | 19.6 % | 56.5 % | 49.7 % | 126.3 % | 8.3 % | 10.0 % |
| Use | 26.1 % | -4.2 % | 4.9 % | 14.5 % | 41.2 % | 30.2 % | 17.5 % | 11.0 % | 10.8 % |

FY2017 Prescription Drug Rating Analysis
CHIP Pharmacy Trends

| | <u>Age</u> <u><1</u> | <u>Age</u> <u>1-5</u> | <u>Age</u> <u>6-14</u> | <u>Age</u> <u>15-18</u> | <u>Perinate</u> <u><185%</u> | <u>Perinate</u> <u>185%+</u> | <u>Newborn</u> <u>185%+</u> | <u>Total</u> | <u>Case-Mix</u> <u>Adjusted</u> |
|--|----------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|---------------------------------|--------------------------------|--------------|------------------------------------|
| Generic Dispensing Rate (Days Supply) | | | | | | | | | |
| 3/2013-2/2014 | 86.5 % | 79.4 % | 62.4 % | 68.3 % | 39.2 % | 39.6 % | 87.6 % | 63.9 % | 62.5 % |
| 3/2014-2/2015 | 90.1 % | 81.3 % | 65.5 % | 71.1 % | 41.7 % | 40.8 % | 89.0 % | 65.8 % | 65.2 % |
| 3/2015-2/2016 | 85.5 % | 81.1 % | 68.2 % | 73.2 % | 40.6 % | 42.9 % | 91.1 % | 66.8 % | 66.8 % |
| Use | 86.9 % | 81.8 % | 72.2 % | 76.5 % | 41.0 % | 45.8 % | 91.1 % | 68.5 % | 69.5 % |

Attachment 4

340B Pricing

HHSC instituted a new reimbursement method for Health Resources and Services Administration (HRSA) 340B Drug Pricing Program drugs (340B drugs) in FFS which significantly reduced pharmacy reimbursement for those drugs. The MCOs designed 340B drug reimbursement revisions in order to achieve comparable savings. These MCO reimbursement adjustments were implemented on December 1, 2014. Effective June 1, 2016, HHSC increased pharmacy reimbursement for 340B drugs. We have analyzed the anticipated impact of these provider reimbursement changes and our analysis is summarized on the attached exhibits.

Exhibit A – STAR Program

Exhibit B – STAR+PLUS Program

Exhibit C – STAR Health Program

Exhibit D – CHIP and CHIP Perinatal Programs

FY2017 Pharmacy Rating Analysis
 340B Pricing Adjustment Factors
 STAR

| Service Area | < Age 1 | Ages 1-5 | Ages 6-14 | Ages 15-18 | Ages 19-20 | TANF Adults | Pregnant Women | Total |
|-------------------------------------|------------|-------------|-------------|-------------|------------|-------------|----------------|---------------|
| Total Claims Paid CY2015 (1) | | | | | | | | |
| Bexar | 3,721,144 | 15,780,609 | 43,623,901 | 12,932,615 | 235,829 | 17,469,066 | 7,879,618 | 101,642,783 |
| Dallas | 7,055,288 | 32,401,051 | 75,288,921 | 20,886,785 | 320,493 | 12,643,406 | 8,558,982 | 157,154,926 |
| El Paso | 2,896,185 | 8,647,202 | 22,447,357 | 8,045,737 | 112,414 | 5,794,077 | 3,486,652 | 51,429,623 |
| Harris | 11,718,103 | 48,567,297 | 113,572,361 | 33,854,396 | 1,042,147 | 30,369,449 | 17,310,064 | 256,433,818 |
| Hidalgo | 12,893,261 | 48,506,724 | 82,729,040 | 24,411,898 | 387,122 | 19,048,421 | 8,174,820 | 196,151,286 |
| Jefferson | 1,707,349 | 6,018,943 | 18,409,000 | 4,360,066 | 106,534 | 5,806,598 | 1,998,714 | 38,407,204 |
| Lubbock | 1,440,198 | 6,212,507 | 13,799,785 | 4,138,157 | 58,531 | 5,570,621 | 2,405,594 | 33,625,392 |
| Nueces | 1,915,708 | 7,945,202 | 21,906,011 | 5,328,427 | 53,347 | 5,973,702 | 2,909,544 | 46,031,941 |
| Tarrant | 4,425,017 | 16,590,719 | 45,209,072 | 12,416,851 | 258,516 | 14,705,719 | 7,511,403 | 101,117,297 |
| Travis | 2,122,737 | 7,505,385 | 21,379,762 | 6,370,790 | 71,188 | 7,771,077 | 3,174,792 | 48,395,732 |
| MRSA Central | 2,511,957 | 7,216,571 | 23,002,651 | 6,009,391 | 69,291 | 7,400,187 | 2,804,291 | 49,014,339 |
| MRSA Northeast | 3,354,305 | 13,240,613 | 34,289,464 | 10,872,411 | 134,949 | 11,431,914 | 4,578,238 | 77,901,893 |
| MRSA West | 2,772,037 | 8,176,565 | 24,727,383 | 6,742,833 | 154,370 | 9,952,504 | 3,701,336 | 56,227,028 |
| Total | 58,533,289 | 226,809,389 | 540,384,707 | 156,370,357 | 3,004,730 | 153,936,741 | 74,494,050 | 1,213,533,263 |

Impact of 340b Reimbursement Change (2)

| | | | | | | | | |
|----------------|--------|--------|--------|--------|----|--------|-------|--------|
| Bexar | 5 | 103 | 1 | 0 | 0 | 655 | 24 | 787 |
| Dallas | 13,321 | 10,828 | 18,569 | 15,536 | 0 | 996 | 309 | 59,559 |
| El Paso | 9 | 17 | 2 | 1 | 0 | 309 | 0 | 338 |
| Harris | 26 | 128 | 822 | 425 | 0 | 3,903 | 308 | 5,613 |
| Hidalgo | 21 | 26 | 0 | 48 | 0 | 0 | 0 | 95 |
| Jefferson | 2 | 0 | 102 | 0 | 0 | 0 | 0 | 104 |
| Lubbock | 4 | 44 | 798 | 71 | 0 | 1 | 30 | 948 |
| Nueces | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tarrant | 2,646 | 5,695 | 24,608 | 4,622 | 12 | 20,090 | 3,387 | 61,061 |
| Travis | 137 | 12 | 313 | 0 | 0 | 17 | 4 | 484 |
| MRSA Central | 371 | 1,963 | 4,628 | 1,065 | 0 | 870 | 504 | 9,400 |
| MRSA Northeast | 989 | 4,639 | 2,562 | 1,903 | 0 | 225 | 4 | 10,322 |
| MRSA West | 530 | 1,143 | 1,087 | 267 | 0 | 59 | 40 | 3,126 |

FY2017 Pharmacy Rating Analysis
 340B Pricing Adjustment Factors
 STAR

| Service Area | < Age 1 | Ages 1-5 | Ages 6-14 | Ages 15-18 | Ages 19-20 | TANF Adults | Pregnant Women | Total |
|--------------|---------|----------|-----------|------------|------------|-------------|----------------|---------|
| Total | 18,061 | 24,598 | 53,493 | 23,938 | 12 | 27,126 | 4,609 | 151,838 |

FY2017 340B Pricing Adjustment Factors

| | | | | | | | | |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Bexar | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Dallas | 1.0019 | 1.0003 | 1.0002 | 1.0007 | 1.0000 | 1.0001 | 1.0000 | 1.0004 |
| El Paso | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0001 | 1.0000 | 1.0000 |
| Harris | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0001 | 1.0000 | 1.0000 |
| Hidalgo | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Jefferson | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Lubbock | 1.0000 | 1.0000 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Nueces | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Tarrant | 1.0006 | 1.0003 | 1.0005 | 1.0004 | 1.0000 | 1.0014 | 1.0005 | 1.0006 |
| Travis | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| MRSA Central | 1.0001 | 1.0003 | 1.0002 | 1.0002 | 1.0000 | 1.0001 | 1.0002 | 1.0002 |
| MRSA Northeast | 1.0003 | 1.0004 | 1.0001 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0001 |
| MRSA West | 1.0002 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0001 |
| Total | 1.0003 | 1.0001 | 1.0001 | 1.0002 | 1.0000 | 1.0002 | 1.0001 | 1.0001 |

Footnotes:

- (1) Equals total incurred managed care pharmacy claims during the experience period.
- (2) Equals the estimated cost impact from revised 340B pharmacy reimbursement change.
- (3) Additional cost divided by Incurred Claims.

FY2017 Pharmacy Rating Analysis
 340B Pricing Adjustment Factors
 STAR+PLUS

| Service Area | MO OCC | MO CBA | MO NF | IDD <21 | IDD >21 | Total |
|-------------------------------------|-------------|-------------|------------|-----------|------------|---------------|
| Total Claims Paid CY2015 (1) | | | | | | |
| Bexar | 99,312,028 | 13,905,172 | 3,786,292 | 221,497 | 9,796,426 | 127,021,415 |
| Dallas | 114,307,733 | 11,740,006 | 4,382,771 | 371,435 | 7,635,893 | 138,437,837 |
| El Paso | 32,597,379 | 6,779,996 | 312,806 | 67,357 | 3,312,055 | 43,069,592 |
| Harris | 227,714,300 | 27,180,632 | 5,797,547 | 408,627 | 19,651,302 | 280,752,409 |
| Hidalgo | 90,796,437 | 19,489,391 | 1,120,358 | 503,846 | 4,267,575 | 116,177,606 |
| Jefferson | 40,352,555 | 4,349,121 | 1,361,418 | 85,055 | 1,974,944 | 48,123,093 |
| Lubbock | 23,457,895 | 2,415,974 | 1,684,815 | 51,355 | 2,655,682 | 30,265,721 |
| Nueces | 38,458,048 | 6,362,147 | 1,306,531 | 14,970 | 2,763,397 | 48,905,094 |
| Tarrant | 78,156,249 | 12,699,950 | 4,902,251 | 89,659 | 9,052,228 | 104,900,337 |
| Travis | 48,619,847 | 7,510,002 | 2,888,321 | 160,610 | 6,673,808 | 65,852,587 |
| MRSA Central | 46,439,867 | 2,794,710 | 2,562,549 | 72,548 | 3,790,996 | 55,660,670 |
| MRSA Northeast | 71,520,524 | 10,705,701 | 4,047,177 | 49,686 | 5,196,911 | 91,520,000 |
| MRSA West | 55,477,280 | 3,986,818 | 3,158,541 | 89,139 | 6,019,730 | 68,731,508 |
| Total | 967,210,142 | 129,919,618 | 37,311,376 | 2,185,784 | 82,790,948 | 1,219,417,869 |

Impact of 340b Reimbursement Change (2)

| | | | | | | |
|----------------|--------|-------|---|---|---|--------|
| Bexar | 7,420 | 769 | 0 | 0 | 0 | 8,189 |
| Dallas | 7,488 | 1 | 0 | 0 | 0 | 7,489 |
| El Paso | 15,794 | 1,836 | 0 | 0 | 0 | 17,630 |
| Harris | 83,312 | 1,997 | 0 | 0 | 0 | 85,309 |
| Hidalgo | 6 | 0 | 0 | 0 | 0 | 6 |
| Jefferson | 231 | 0 | 0 | 0 | 0 | 231 |
| Lubbock | 207 | 0 | 0 | 0 | 0 | 207 |
| Nueces | 0 | 0 | 0 | 0 | 0 | 0 |
| Tarrant | 89,121 | 5,476 | 0 | 0 | 0 | 94,598 |
| Travis | 136 | 85 | 0 | 0 | 0 | 221 |
| MRSA Central | 16,843 | 5 | 0 | 0 | 0 | 16,848 |
| MRSA Northeast | 14,710 | 499 | 0 | 0 | 0 | 15,209 |
| MRSA West | 783 | 571 | 0 | 0 | 0 | 1,355 |

FY2017 Pharmacy Rating Analysis
 340B Pricing Adjustment Factors
 STAR+PLUS

| Service Area | MO OCC | MO CBA | MO NF | IDD <21 | IDD >21 | Total |
|--------------|---------|--------|-------|---------|---------|---------|
| Total | 236,053 | 11,240 | 0 | 0 | 0 | 247,293 |

FY2017 340B Pricing Adjustment Factors

| | | | | | | |
|----------------|--------|--------|--------|--------|--------|--------|
| Bexar | 1.0001 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0001 |
| Dallas | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0001 |
| El Paso | 1.0005 | 1.0003 | 1.0000 | 1.0000 | 1.0000 | 1.0004 |
| Harris | 1.0004 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0003 |
| Hidalgo | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Jefferson | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Lubbock | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Nueces | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Tarrant | 1.0011 | 1.0004 | 1.0000 | 1.0000 | 1.0000 | 1.0009 |
| Travis | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| MRSA Central | 1.0004 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0003 |
| MRSA Northeast | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0002 |
| MRSA West | 1.0000 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Total | 1.0002 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0002 |

Footnotes:

- (1) Equals total incurred managed care pharmacy claims during the experience period.
- (2) Equals the estimated cost impact from revised 340B pharmacy reimbursement change.
- (3) Additional cost divided by Incurred Claims.

FY2017 Pharmacy Rating Analysis
340B Pricing Adjustment Factors
STAR Health

| | |
|---|------------|
| Total Claims Paid CY2015 (1) | 53,560,644 |
| Impact of 340b Reimbursement Change (2) | 0 |
| FY2017 Claims Cost Adjustment Factors | 1.0000 |

Footnotes:

- (1) Equals total incurred managed care pharmacy claims during the experience period.
- (2) Equals the estimated cost impact from revised 340B pharmacy reimbursement change.
- (3) Additional cost divided by Incurred Claims.

FY2017 Pharmacy Rating Analysis
 340B Pricing Adjustment Factors
 CHIP

| Service Area | < Age 1 | Ages 1-5 | Ages 6-14 | Ages 15-18 | Perinate <198% | Perinate 198-202% | Newborn 198-202% | Total |
|-------------------------------------|---------|------------|------------|------------|----------------|-------------------|------------------|-------------|
| Total Claims Paid CY2015 (1) | | | | | | | | |
| Bexar | 405 | 1,124,854 | 5,261,452 | 1,924,213 | 459,278 | 17,171 | 300 | 8,787,673 |
| Dallas | 1,459 | 2,005,951 | 10,375,075 | 4,737,619 | 1,062,786 | 25,793 | 206 | 18,208,888 |
| El Paso | 296 | 380,165 | 2,065,921 | 757,771 | 512,685 | 8,061 | 26 | 3,724,924 |
| Harris | 3,695 | 3,329,795 | 15,854,896 | 7,997,518 | 5,598,442 | 88,820 | 941 | 32,874,106 |
| Jefferson | 41 | 432,034 | 1,945,772 | 685,157 | 191,944 | 7,237 | 0 | 3,262,184 |
| Lubbock | 20 | 321,697 | 1,582,262 | 562,387 | 175,475 | 4,002 | 453 | 2,646,295 |
| Nueces | 521 | 462,771 | 1,952,534 | 601,659 | 131,357 | 4,867 | 214 | 3,153,922 |
| Tarrant | 1,118 | 1,349,860 | 6,477,245 | 2,401,399 | 1,463,042 | 26,890 | 113 | 11,719,667 |
| Travis | 275 | 808,843 | 3,683,699 | 1,407,950 | 590,758 | 2,619 | 8,654 | 6,502,798 |
| RSA | 4,258 | 4,569,622 | 17,031,626 | 6,603,759 | 3,609,449 | 49,135 | 2,328 | 31,870,178 |
| Total | 12,088 | 14,785,592 | 66,230,481 | 27,679,432 | 13,795,215 | 234,595 | 13,233 | 122,750,636 |

Impact of 340b Reimbursement Change (2)

| | | | | | | | | |
|-----------|----|-------|-------|-------|-------|---|---|--------|
| Bexar | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dallas | 0 | 882 | 1,765 | 620 | 65 | 0 | 0 | 3,333 |
| El Paso | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Harris | 0 | 17 | 47 | 88 | 255 | 0 | 0 | 406 |
| Jefferson | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lubbock | 0 | 0 | 1 | 6 | 0 | 0 | 0 | 7 |
| Nueces | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tarrant | 0 | 288 | 1,379 | 688 | 1,518 | 6 | 0 | 3,880 |
| Travis | 0 | 0 | 132 | 0 | 0 | 0 | 0 | 132 |
| RSA | 13 | 844 | 2,684 | 757 | 56 | 0 | 0 | 4,356 |
| Total | 13 | 2,032 | 6,008 | 2,159 | 1,894 | 6 | 0 | 12,113 |

FY2017 340B Pricing Adjustment Factors

| | | | | | | | | |
|-----------|--------|--------|--------|--------|--------|--------|--------|--------|
| Bexar | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Dallas | 1.0000 | 1.0004 | 1.0002 | 1.0001 | 1.0001 | 1.0000 | 1.0000 | 1.0002 |
| El Paso | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Harris | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Jefferson | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Lubbock | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Nueces | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Tarrant | 1.0000 | 1.0002 | 1.0002 | 1.0003 | 1.0010 | 1.0002 | 1.0000 | 1.0003 |
| Travis | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| RSA | 1.0031 | 1.0002 | 1.0002 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0001 |
| Total | 1.0011 | 1.0001 | 1.0001 | 1.0001 | 1.0001 | 1.0000 | 1.0000 | 1.0001 |

Footnotes:

(1) Equals total incurred managed care pharmacy claims during the experience period.

FY2017 Pharmacy Rating Analysis
 340B Pricing Adjustment Factors
 CHIP

| <u>Service Area</u> | <u>< Age 1</u> | <u>Ages 1-5</u> | <u>Ages 6-14</u> | <u>Ages 15-18</u> | <u>Perinate <198%</u> | <u>Perinate 198-202%</u> | <u>Newborn 198-202%</u> | <u>Total</u> |
|---------------------|-------------------|-----------------|------------------|-------------------|--------------------------|--------------------------|-------------------------|--------------|
|---------------------|-------------------|-----------------|------------------|-------------------|--------------------------|--------------------------|-------------------------|--------------|

- (2) Equals the estimated cost impact from revised 340B pharmacy reimbursement change.
- (3) Additional cost divided by Incurred Claims.

Attachment 5

Makena

Makena is a prescription drug prescribed to lower the risk of preterm birth. MCOs have commonly used a much less expensive, compounded version of the drug for years. Recently, the FDA expanded the patent for Makena to effectively prevent the use of 17P. As a result, the utilization of Makena will increase in the Texas Medicaid and CHIP programs. We have analyzed the anticipated impact of this change in coverage for Makena and our analysis is summarized on the attached exhibits.

Exhibit A – STAR Program

Exhibit B – CHIP and CHIP Perinatal Programs

The Makena change is expected to have an insignificant cost impact on the STAR+PLUS and STAR Health programs.

FY2017 Pharmacy Rating Analysis
Makena Pricing Adjustment Factors
STAR

| Service Area | < Age 1 | Ages 1-5 | Ages 6-14 | Ages 15-18 | Ages 19-20 | TANF Adults | Pregnant Women | Total |
|-------------------------------------|------------|-------------|-------------|-------------|------------|-------------|----------------|---------------|
| Total Claims Paid CY2015 (1) | | | | | | | | |
| Bexar | 3,721,144 | 15,780,609 | 43,623,901 | 12,932,615 | 235,829 | 17,469,066 | 7,879,618 | 101,642,783 |
| Dallas | 7,055,288 | 32,401,051 | 75,288,921 | 20,886,785 | 320,493 | 12,643,406 | 8,558,982 | 157,154,926 |
| El Paso | 2,896,185 | 8,647,202 | 22,447,357 | 8,045,737 | 112,414 | 5,794,077 | 3,486,652 | 51,429,623 |
| Harris | 11,718,103 | 48,567,297 | 113,572,361 | 33,854,396 | 1,042,147 | 30,369,449 | 17,310,064 | 256,433,818 |
| Hidalgo | 12,893,261 | 48,506,724 | 82,729,040 | 24,411,898 | 387,122 | 19,048,421 | 8,174,820 | 196,151,286 |
| Jefferson | 1,707,349 | 6,018,943 | 18,409,000 | 4,360,066 | 106,534 | 5,806,598 | 1,998,714 | 38,407,204 |
| Lubbock | 1,440,198 | 6,212,507 | 13,799,785 | 4,138,157 | 58,531 | 5,570,621 | 2,405,594 | 33,625,392 |
| Nueces | 1,915,708 | 7,945,202 | 21,906,011 | 5,328,427 | 53,347 | 5,973,702 | 2,909,544 | 46,031,941 |
| Tarrant | 4,425,017 | 16,590,719 | 45,209,072 | 12,416,851 | 258,516 | 14,705,719 | 7,511,403 | 101,117,297 |
| Travis | 2,122,737 | 7,505,385 | 21,379,762 | 6,370,790 | 71,188 | 7,771,077 | 3,174,792 | 48,395,732 |
| MRSA Central | 2,511,957 | 7,216,571 | 23,002,651 | 6,009,391 | 69,291 | 7,400,187 | 2,804,291 | 49,014,339 |
| MRSA Northeast | 3,354,305 | 13,240,613 | 34,289,464 | 10,872,411 | 134,949 | 11,431,914 | 4,578,238 | 77,901,893 |
| MRSA West | 2,772,037 | 8,176,565 | 24,727,383 | 6,742,833 | 154,370 | 9,952,504 | 3,701,336 | 56,227,028 |
| Total | 58,533,289 | 226,809,389 | 540,384,707 | 156,370,357 | 3,004,730 | 153,936,741 | 74,494,050 | 1,213,533,263 |

Impact of Makena Formulary Change (2)

| | | | | | | | | |
|----------------|---|---|---|--------|--------|---------|-----------|-----------|
| Bexar | 0 | 0 | 0 | 8,956 | 0 | 160,363 | 1,045,332 | 1,214,652 |
| Dallas | 0 | 0 | 0 | 4,177 | 0 | 22,758 | 573,452 | 600,387 |
| El Paso | 0 | 0 | 0 | 0 | 8,911 | 196,514 | 1,627,565 | 1,832,990 |
| Harris | 0 | 0 | 0 | 0 | 0 | 81,283 | 344,285 | 425,567 |
| Hidalgo | 0 | 0 | 0 | 44,682 | 8,874 | 106,775 | 1,264,072 | 1,424,403 |
| Jefferson | 0 | 0 | 0 | 0 | 0 | 0 | 63,559 | 63,559 |
| Lubbock | 0 | 0 | 0 | 0 | 0 | 26,704 | 187,567 | 214,272 |
| Nueces | 0 | 0 | 0 | 4,263 | 0 | 22,700 | 424,212 | 451,174 |
| Tarrant | 0 | 0 | 0 | 0 | 0 | 77,299 | 435,352 | 512,651 |
| Travis | 0 | 0 | 0 | 0 | 0 | 36,089 | 398,631 | 434,720 |
| MRSA Central | 0 | 0 | 0 | 0 | 0 | 69,075 | 466,814 | 535,889 |
| MRSA Northeast | 0 | 0 | 0 | 8,711 | 17,798 | 112,616 | 1,070,444 | 1,209,569 |
| MRSA West | 0 | 0 | 0 | 0 | 15,705 | 125,121 | 837,843 | 978,669 |

FY2017 Pharmacy Rating Analysis
Makena Pricing Adjustment Factors
STAR

| Service Area | < Age 1 | Ages 1-5 | Ages 6-14 | Ages 15-18 | Ages 19-20 | TANF Adults | Pregnant Women | Total |
|--------------|---------|----------|-----------|------------|------------|-------------|----------------|-----------|
| Total | 0 | 0 | 0 | 70,790 | 51,288 | 1,037,297 | 8,739,127 | 9,898,502 |

FY2017 Makena Pricing Adjustment Factors

| | | | | | | | | |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Bexar | 1.0000 | 1.0000 | 1.0000 | 1.0007 | 1.0000 | 1.0092 | 1.1327 | 1.0120 |
| Dallas | 1.0000 | 1.0000 | 1.0000 | 1.0002 | 1.0000 | 1.0018 | 1.0670 | 1.0038 |
| El Paso | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0793 | 1.0339 | 1.4668 | 1.0356 |
| Harris | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0027 | 1.0199 | 1.0017 |
| Hidalgo | 1.0000 | 1.0000 | 1.0000 | 1.0018 | 1.0229 | 1.0056 | 1.1546 | 1.0073 |
| Jefferson | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0318 | 1.0017 |
| Lubbock | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0048 | 1.0780 | 1.0064 |
| Nueces | 1.0000 | 1.0000 | 1.0000 | 1.0008 | 1.0000 | 1.0038 | 1.1458 | 1.0098 |
| Tarrant | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0053 | 1.0580 | 1.0051 |
| Travis | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0046 | 1.1256 | 1.0090 |
| MRSA Central | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0093 | 1.1665 | 1.0109 |
| MRSA Northeast | 1.0000 | 1.0000 | 1.0000 | 1.0008 | 1.1319 | 1.0099 | 1.2338 | 1.0155 |
| MRSA West | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.1017 | 1.0126 | 1.2264 | 1.0174 |
| Total | 1.0000 | 1.0000 | 1.0000 | 1.0005 | 1.0171 | 1.0067 | 1.1173 | 1.0082 |

Footnotes:

- (1) Equals total incurred managed care pharmacy claims during the experience period.
- (2) Equals the estimated cost impact from the Makena formulary.
- (3) Additional cost divided by Incurred Claims.

FY2017 Pharmacy Rating Analysis
Makena Pricing Adjustment Factors
CHIP

| Service Area | < Age 1 | Ages 1-5 | Ages 6-14 | Ages 15-18 | Perinate <198% | Perinate 198-202% | Newborn 198-202% | Total |
|-------------------------------------|---------|------------|------------|------------|----------------|-------------------|------------------|-------------|
| Total Claims Paid CY2015 (1) | | | | | | | | |
| Bexar | 405 | 1,124,854 | 5,261,452 | 1,924,213 | 459,278 | 17,171 | 300 | 8,787,673 |
| Dallas | 1,459 | 2,005,951 | 10,375,075 | 4,737,619 | 1,062,786 | 25,793 | 206 | 18,208,888 |
| El Paso | 296 | 380,165 | 2,065,921 | 757,771 | 512,685 | 8,061 | 26 | 3,724,924 |
| Harris | 3,695 | 3,329,795 | 15,854,896 | 7,997,518 | 5,598,442 | 88,820 | 941 | 32,874,106 |
| Jefferson | 41 | 432,034 | 1,945,772 | 685,157 | 191,944 | 7,237 | 0 | 3,262,184 |
| Lubbock | 20 | 321,697 | 1,582,262 | 562,387 | 175,475 | 4,002 | 453 | 2,646,295 |
| Nueces | 521 | 462,771 | 1,952,534 | 601,659 | 131,357 | 4,867 | 214 | 3,153,922 |
| Tarrant | 1,118 | 1,349,860 | 6,477,245 | 2,401,399 | 1,463,042 | 26,890 | 113 | 11,719,667 |
| Travis | 275 | 808,843 | 3,683,699 | 1,407,950 | 590,758 | 2,619 | 8,654 | 6,502,798 |
| RSA | 4,258 | 4,569,622 | 17,031,626 | 6,603,759 | 3,609,449 | 49,135 | 2,328 | 31,870,178 |
| Total | 12,088 | 14,785,592 | 66,230,481 | 27,679,432 | 13,795,215 | 234,595 | 13,233 | 122,750,636 |

Impact of Makena Formulary Change (2)

| | | | | | | | | |
|-----------|---|---|---|---|-----------|---|---|-----------|
| Bexar | 0 | 0 | 0 | 0 | 71,066 | 0 | 0 | 71,066 |
| Dallas | 0 | 0 | 0 | 0 | 124,133 | 0 | 0 | 124,133 |
| El Paso | 0 | 0 | 0 | 0 | 261,630 | 0 | 0 | 261,630 |
| Harris | 0 | 0 | 0 | 0 | 769,220 | 0 | 0 | 769,220 |
| Jefferson | 0 | 0 | 0 | 0 | 19,693 | 0 | 0 | 19,693 |
| Lubbock | 0 | 0 | 0 | 0 | 18,048 | 0 | 0 | 18,048 |
| Nueces | 0 | 0 | 0 | 0 | 36,527 | 0 | 0 | 36,527 |
| Tarrant | 0 | 0 | 0 | 0 | 135,185 | 0 | 0 | 135,185 |
| Travis | 0 | 0 | 0 | 0 | 99,551 | 0 | 0 | 99,551 |
| RSA | 0 | 0 | 0 | 0 | 1,134,358 | 0 | 0 | 1,134,358 |
| Total | 0 | 0 | 0 | 0 | 2,669,411 | 0 | 0 | 2,669,411 |

FY2017 Makena Pricing Adjustment Factors

| | | | | | | | | |
|-----------|--------|--------|--------|--------|--------|--------|--------|--------|
| Bexar | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.1547 | 1.0000 | 1.0000 | 1.0081 |
| Dallas | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.1168 | 1.0000 | 1.0000 | 1.0068 |
| El Paso | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.5103 | 1.0000 | 1.0000 | 1.0702 |
| Harris | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.1374 | 1.0000 | 1.0000 | 1.0234 |
| Jefferson | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.1026 | 1.0000 | 1.0000 | 1.0060 |
| Lubbock | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.1029 | 1.0000 | 1.0000 | 1.0068 |
| Nueces | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.2781 | 1.0000 | 1.0000 | 1.0116 |
| Tarrant | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0924 | 1.0000 | 1.0000 | 1.0115 |
| Travis | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.1685 | 1.0000 | 1.0000 | 1.0153 |
| RSA | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.3143 | 1.0000 | 1.0000 | 1.0356 |
| Total | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.1935 | 1.0000 | 1.0000 | 1.0217 |

Footnotes:

(1) Equals total incurred managed care pharmacy claims during the experience period.

FY2017 Pharmacy Rating Analysis
Makena Pricing Adjustment Factors
CHIP

| <u>Service Area</u> | <u>< Age 1</u> | <u>Ages 1-5</u> | <u>Ages 6-14</u> | <u>Ages 15-18</u> | <u>Perinate <198%</u> | <u>Perinate 198-202%</u> | <u>Newborn 198-202%</u> | <u>Total</u> |
|---------------------|-------------------|-----------------|------------------|-------------------|--------------------------|--------------------------|-------------------------|--------------|
|---------------------|-------------------|-----------------|------------------|-------------------|--------------------------|--------------------------|-------------------------|--------------|

- (2) Equals the estimated cost impact from the Makena formulary.
- (3) Additional cost divided by Incurred Claims.

Attachment 6

STAR Kids

STAR Kids is a new managed care program for disabled children which will become effective November 1, 2016. Capitation rates for the STAR Kids program are not included in this report and will be presented in a separate report.

Some children, currently enrolled in the STAR+PLUS Medicaid-only OCC risk group, will move to the new STAR Kids program effective November 1, 2016. These children tend to cost less than the average Medicaid-only OCC clients. As a result, the population remaining after implementation of STAR Kids will have a higher average pharmacy cost. The attached exhibit presents the derivation of the adjustment factors developed to recognize the impact on STAR+PLUS from the implementation of STAR Kids.

FY2017 Prescription Drug Rating Analysis
 Impact of STAR Kids Implementation
 CY2015 Pharmacy Experience for STAR+PLUS Medicaid Only OCC Clients

| | <u>MO OCC Under Age 21</u> | | | <u>MO OCC Age 21 and Over</u> | | | <u>MO OCC Total</u> | | | Children as % of Total | Adjustment Factor |
|----------------|----------------------------|----------------------------|------------------------|-------------------------------|----------------------------|------------------------|--------------------------|----------------------------|------------------------|------------------------------|----------------------|
| | <u>Member Months</u> | <u>Incurred Claims</u> | <u>Claims pmpm</u> | <u>Member Months</u> | <u>Incurred Claims</u> | <u>Claims pmpm</u> | <u>Member Months</u> | <u>Incurred Claims</u> | <u>Claims pmpm</u> | | |
| Bexar | 24,825 | 5,188,241 | 208.99 | 239,022 | 93,309,728 | 390.38 | 263,847 | 98,497,969 | 373.32 | 9.4 % | 1.038 |
| Dallas | 13,928 | 1,652,250 | 118.63 | 333,578 | 110,452,783 | 331.12 | 347,506 | 112,105,033 | 322.60 | 4.0 % | 1.022 |
| El Paso | 3,825 | 580,866 | 151.86 | 75,054 | 32,574,121 | 434.01 | 78,879 | 33,154,988 | 420.33 | 4.8 % | 1.027 |
| Harris | 66,211 | 12,414,957 | 187.50 | 494,314 | 217,957,754 | 440.93 | 560,526 | 230,372,711 | 410.99 | 11.8 % | 1.061 |
| Hidalgo | 51,244 | 8,743,172 | 170.62 | 183,324 | 81,366,430 | 443.84 | 234,569 | 90,109,601 | 384.15 | 21.8 % | 1.129 |
| Jefferson | 7,665 | 1,397,776 | 182.37 | 99,648 | 39,313,009 | 394.52 | 107,313 | 40,710,785 | 379.37 | 7.1 % | 1.033 |
| Lubbock | 4,290 | 1,060,615 | 247.22 | 58,048 | 22,705,505 | 391.15 | 62,339 | 23,766,120 | 381.24 | 6.9 % | 1.022 |
| Nueces | 6,788 | 2,017,401 | 297.20 | 90,312 | 36,251,037 | 401.40 | 97,100 | 38,268,438 | 394.11 | 7.0 % | 1.015 |
| Tarrant | 15,919 | 3,187,834 | 200.26 | 185,943 | 76,688,677 | 412.43 | 201,861 | 79,876,511 | 395.70 | 7.9 % | 1.035 |
| Travis | 7,294 | 1,579,326 | 216.53 | 111,741 | 48,052,150 | 430.03 | 119,035 | 49,631,476 | 416.95 | 6.1 % | 1.026 |
| MRSA Central | 5,412 | 1,224,462 | 226.24 | 131,217 | 44,273,207 | 337.40 | 136,630 | 45,497,669 | 333.00 | 4.0 % | 1.011 |
| MRSA Northeast | 4,767 | 785,084 | 164.68 | 205,571 | 70,278,102 | 341.87 | 210,338 | 71,063,186 | 337.85 | 2.3 % | 1.010 |
| MRSA West | 4,133 | 1,222,255 | 295.70 | 145,509 | 53,083,179 | 364.81 | 149,642 | 54,305,434 | 362.90 | 2.8 % | 1.004 |
| | 216,303 | 41,054,239 | 189.80 | 2,353,281 | 926,305,683 | 393.62 | 2,569,584 | 967,359,922 | 376.47 | 8.4 % | 1.038 |

