

**STATE OF TEXAS  
MEDICAID MANAGED CARE  
STAR+PLUS PROGRAM RATE SETTING  
STATE FISCAL YEAR 2015**

Prepared for:

Texas Health and Human Services Commission

UMCC V2.11, STAR+PLUS EXP V1.16 and STAR+PLUS MRSA V1.2

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Rudd and Wisdom, Inc.

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## TABLE OF CONTENTS

|      |  |    |
|------|--|----|
| I.   | Introduction.....                          | 1  |
| II.  | Overview of Rate Setting Methodology ..... | 3  |
| III. | Adjustment Factors .....                   | 6  |
| IV.  | Administrative Fees and Risk Margin .....  | 10 |
| V.   | Summary .....                              | 11 |
| VI.  | Actuarial Certification .....              | 13 |
| VII. | Attachments .....                          | 14 |

## I. Introduction

Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to develop the state fiscal year 2015 (FY2015, September 1, 2014 through August 31, 2015) premium rates for HMOs participating in the Texas Medicaid STAR+PLUS program. This report presents the rating methodology and assumptions used in developing the premium rates.

Rudd and Wisdom has provided actuarial services to the Texas Medicaid program for over 25 years. We have participated in the state's managed care rating process since its inception in 1993. This year, as in previous years, we have worked closely with HHSC in developing the FY2015 HMO premium rates.

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

- Monthly enrollment by risk group for each health plan. This includes historical enrollment since September 2010 and a projection of future enrollment through August 2015. These projections were prepared by HHS System Forecasting staff.
- Monthly enrollment by risk group for the fee-for-service program, primary care case management program and SSI members currently enrolled in the STAR MRSA managed care plans. This includes historical enrollment since September 2010 and a projection of future enrollment through August 2015. These projections were prepared by HHSC System Forecasting staff.
- Claim lag reports by risk group for each health plan for the period September 2010 through February 2014. These reports include monthly paid claims by month of service.
- Inpatient claims data by health plan and risk group for the period March 2012 through February 2014. Prior to March 1, 2012 these services were carved out of the STAR+PLUS program and paid on a fee-for-service basis.
- Financial Statistical Reports (FSR) for each participating HMO for FY2012, FY2013 and the first six months of FY2014. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the HMO.
- Reports from the EQRO summarizing their analysis of the HMO's encounter claims data.
- Reports from the health plans providing information on high volume claimants during the experience period.
- Current (FY2014) premium rates by risk group for each HMO.
- Information from both HHSC and the HMOs regarding recent changes in covered services and provider reimbursement under the Medicaid program.
- Information from the HMOs regarding current and projected payment rates for certain capitated services, such as mental health and vision.
- Information from the HMOs regarding attendant care enhanced payments and service coordination expenses

- FY2013 acuity risk adjustment analysis provided by the EQRO for each participating health plan.
- Information from the HMOs regarding current and projected reinsurance premium rates.
- Historical enrollment and claims experience data for the Medicaid Fee-For-Service (FFS) and Primary Care Case Management (PCCM) plans.
- Information provided by HHSC regarding FY2013 health plan claims cost by type of service for certain services. This information was obtained from the encounter database.
- Information provided by HHSC regarding proposed FY2014 and FY2015 Medicaid provider reimbursement rates.
- Information provided by HHSC regarding newly capitated services previously paid by HHSC.
- Long term care and nursing facility claims data paid by the Department of Aging and Disability Services (DADS) for the period September 2011 through February 2014. Long term care claims were provided separately for individuals over and under age 21.
- A listing of individuals enrolled during FY2013 in the various populations that make up the Intellectual and Developmentally Disabled (IDD) expansion.
- Monthly acute care claims data for each IDD member.

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

## II. Overview of the Rate Setting Methodology

The actuarial model used to derive the FY2015 STAR+PLUS HMO premium rates relies primarily on health plan financial experience. The historical claims experience for each HMO (by area) was analyzed and estimates for the base period (FY2013) were developed. These estimates were then projected forward to FY2015 using assumed trend rates. Other plan expenditures such as capitated amounts, service coordination, reinsurance costs and administrative expenses were added to the claims component in order to project the total FY2015 cost under the health plan. These projected total cost rates were determined separately for each risk group for each health plan. The results of this analysis were then combined for all HMOs in a service area in order to develop a set of community rates for each service area.

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

- Bexar County Service Area (San Antonio)
- Dallas County Service Area (Dallas)
- El Paso County Service Area (El Paso)
- Harris County Service Area (Houston)
- Hidalgo County Service Area (Hidalgo)
- Jefferson County Service Area (Beaumont)
- Lubbock County Service Area (Lubbock)
- Nueces County Service Area (Corpus Christi)
- Tarrant County Service Area (Fort Worth)
- Travis County Service Area (Austin)
- Central Medicaid Rural Service Area (MRSA Central)
- Northeast Medicaid Rural Service Area (MRSA Northeast)
- West Medicaid Rural Service Area (MRSA West)

The risk groups (or rating populations) used in the analysis are as follows:

- Medicaid Only – Other Community Care (OCC)
- Medicaid Only – Home and Community Based Services (HCBS)
- Dual Eligible - OCC
- Dual Eligible – HCBS
- Intellectual and Developmentally Disabled under age 21 – IDD <21
- Intellectual and Developmentally Disabled over age 21 – IDD >21

The services used in the analysis include the following:

### Acute Care Services

- Ambulance Services
- Audiology Services
- Behavioral Health Services
- Birthing Center Services
- Chiropractic Services
- Dialysis
- Durable Medical Equipment and Supplies
- Emergency Services

- Family Planning Services
- Home Health Services
- Hospital Services - outpatient
- Lab, X-ray and Radiology Services
- Medical Check-ups and CCP Services for children under age 21
- Optometry
- Podiatry
- Prenatal Care
- Primary Care Services
- Specialty Physician Services
- Therapies – physical, occupational and speech
- Transplantation of Organs and Tissues
- Vision
- Inpatient Facility Services
- Prescription Drugs

#### Long Term Care Services

- Adult Foster Care
- Adaptive Aids and Medical Equipment
- Assisted Living
- Emergency Response Services
- Home Delivered Meals
- Medical Supplies
- Minor Home Modifications
- Nursing Services (in home)
- Personal Attendant Services
- Therapies – physical, occupational and speech
- Transition Services

Services specifically excluded from the analysis include:

- Nursing Facilities
- Dental and Orthodontia Services

Further information regarding the carve-in of prescription drugs into the STAR+PLUS program can be found in the report titled State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2015.

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 as provided by the EQRO. There was satisfactory consistency between the three claims data sources for each of the health plans.

We projected the FY2015 cost for each individual HMO by estimating their base period (FY2013) average claims cost and then applying trend and other adjustment factors. (These adjustment factors are described in Section III.) We added capitation expenses for services

capitated by the HMO (such as vision and behavioral health), service coordinator expenses for care coordination services, a reasonable provision for administrative expenses and a risk margin. Attachment 2 presents a description and an example of the experience analysis for a sample HMO. This type of analysis was conducted for each health plan.

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

HHSC utilizes a community rating methodology in setting the STAR+PLUS base premium rates. The base rates vary by service area and risk group but are the same for each HMO in a service area. The community rates are developed by a weighted average of the projected FY2015 cost for each health plan in the service area. The weights used in this formula are the projected FY2015 number of clients enrolled in each health plan by risk group. Attachment 3 presents the summary community rating exhibit for non-inpatient services for each service area along with a description of the analysis. Attachment 4 presents the summary community rating exhibit for inpatient services only for each service area along with a description of the analysis.

The acute care portion of the base community rate in each service area was adjusted to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective memberships. Additional information regarding risk adjustment is included in Section III below under Risk Adjustment and in Attachment 10. The final FY2015 premium rates were defined as the community rates with acuity risk adjustment for acute care services and community rates for long term care services.

### III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2015 STAR+PLUS rate setting process.

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

The rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. Separate trend factors were developed by type of service – acute care and long term care services. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience under the various HMO plans. A single trend assumption applied to all service areas but varies by risk group, type of service and projection year (FY2014 and FY2015).

The trend analysis included a review of HMO claims experience data through February 28, 2014. Based on this information, estimates of monthly incurred claims were made through December 2013. The claims cost and trend experience were reviewed separately by service area, risk group and type of service. The service area trends were then combined into a statewide average using a weighted average formula with estimated incurred claims as the weights.

The FY2014 non-inpatient acute care trend assumptions were developed from two components: (i) the actual estimated trend for the period September 2013 through December 2013 and (ii) the projected trend for the period January 2014 through August 2014. The experience trends for all time periods were adjusted to remove the impact of various provider reimbursement changes and other revisions that have impacted the program. The trends for the final eight months of FY2014 were projected using experience from FY2011 (1/3 weight), FY2012 (1/3 weight) and FY2013 (1/3 weight). The FY2015 non-inpatient acute care trend assumptions were developed based on an average of the HMO trends for the most recent three full fiscal years (FY2011, FY2012 and FY2013). All historical trends for FY2011 through FY2013 used in the methodology described above were limited to be no less than 0.0%.

The inpatient facility trend assumptions were developed from an analysis of inpatient claims previously paid on a fee-for-service basis for clients enrolled in the STAR+PLUS program as well as those clients enrolled in the Primary Care Case Management (PCCM) program outside of STAR+PLUS service areas. Based on this analysis the FY2014 and FY2015 trend assumptions were developed based on an average of the trends for the periods (FY2010, FY2011 and FY2012). Only claims prior to the carve-in of inpatient services on March 1, 2012 were considered during the FY2012 time period. Inpatient claims after March 1, 2012 were not considered in the trend analysis due to the significant programmatic changes that impacted inpatient claims once carved into the STAR+PLUS program.

The FY2014 long term care trend assumptions by risk group were developed from two components: (i) the actual estimated trend for the period September 2013 through December 2013 and (ii) the projected trend for the period January 2014 through August 2014. The experience trends for all time periods were adjusted to remove the impact of



various provider reimbursement changes and other revisions that have impacted the program. The trends for the final eight months of FY2014 were projected using experience from FY2011 (1/3 weight), FY2012 (1/3 weight) and FY2013 (1/3 weight). The FY2015 long term care trend assumptions were developed based on an average of the HMO trends for the most recent three full fiscal years (FY2011, FY2012 and FY2013). All historical trends for FY2011 through FY2013 used in the methodology described above were limited to be no less than 0.0%.

Attachment 5 is a summary of the cost trend analysis. The chart below presents the assumed annual trend rates for FY2014 and FY2015.

|                                   | <u>FY2014</u> | <u>FY2015</u> |
|-----------------------------------|---------------|---------------|
| <u>Acute Care (non-inpatient)</u> |               |               |
| Medicaid Only - OCC               | 2.9%          | 2.6%          |
| Medicaid Only - HCBS              | 1.6%          | 0.9%          |
| <u>Acute Care (inpatient)</u>     |               |               |
| Medicaid Only - OCC               | 2.9%          | 2.9%          |
| Medicaid Only - HCBS              | 2.9%          | 2.9%          |
| <u>Long Term Care</u>             |               |               |
| Medicaid Only - OCC               | 9.8%          | 11.3%         |
| Medicaid Only - HCBS              | 1.2 %         | 3.3%          |
| Dual Eligible - OCC               | 5.1 %         | 6.3 %         |
| Dual Eligible - HCBS              | 0.0 %         | 1.2 %         |

***Provider Reimbursement Adjustments***

Medicaid provider reimbursement changes were provided for the following services: APR DRG implementation, Potentially Preventable Readmission reimbursement reductions, Potentially Preventable Complication reimbursement reductions, 10% reimbursement reduction for inpatient outlier reimbursement, revisions to the therapy fee schedule, outpatient facility reimbursement reductions, outpatient imaging reimbursement reductions, ambulance reimbursement reductions, revisions to emergency room reimbursement provisions for non emergent services, reduction of Medicaid reimbursement in excess of Medicare.

The rating adjustments for these provider reimbursement changes were calculated by applying actual health plan encounter data to the old and new reimbursement basis and the resulting impact determined. Attachment 6 presents a summary of the derivation of these adjustment factors.

***Impact of Newly Capitated Services***

Effective September 1, 2014 mental health rehabilitation and targeted case management services will become capitated services under the STAR+PLUS Program. Previously these services were carved out of STAR+PLUS and paid on a fee-for-service basis. Exhibit H of Attachment 6 presents a summary of the derivation of this adjustment factor.

### ***APR DRG Adjustments***

Effective September 1, 2012, HHSC implemented the APR DRG reimbursement system for most hospitals. Effective September 1, 2013 rural hospital and children's hospitals transitioned to the APR DRG reimbursement system. HHSC staff has utilized the FY2013 encounter data to determine the cost impact from the APR DRG implementation on each service area and risk group. Exhibit I of Attachment 6 presents a summary of the resulting adjustment factors.

### ***Attendant Care Rate Changes***

Effective September 1, 2013 and again on September 1, 2014 the minimum wage paid to attendant care providers will be increasing for various Personal Assistance Services (PAS) and Day Activity Health Services (DAHS). In addition, effective September 1, 2013 attendant care enhanced payments increased to allow attendant care providers to qualify for increased enhanced payment levels. Exhibits A and B of Attachment 7 present a summary of these adjustment factors.

### ***Electronic Visit Verification (EVV)***

Effective September 1, 2014 HHSC will require all managed care organizations to incorporate EVV into their management duties for Personal Assistance Services (PAS), Personal Care Services (PCS) and Private Duty Nursing (PDN). Based on an analysis of the impact of EVV on these services in the fee-for-service program the following savings assumptions have been developed:

- PAS: 4.0%
- PCS: 4.0%
- PDN: 3.5%

The impact of additional administrative expenses from the implementation of EVV has been considered and it has been determined that the administrative allowance included in the rates should be increased by \$1.75 per member per month to account for the increased cost associated with implementation of this EVV requirement. Exhibit C of Attachment 7 presents a summary of these adjustment factors.

### ***End Stage Renal Disease and Ventilator Dependent Members***

Effective September 1, 2013 STAR+PLUS HMOs were no longer permitted to disenroll members with end stage renal disease or members who are ventilator dependent. Transitioning these previously disenrolled members back to the STAR+PLUS program and preventing future disenrollment will increase the average cost as these tend to be high cost members. Attachment 8 presents a summary of the resulting adjustment factors for acute care and long term care separately.

### ***Spell of Illness***

Effective September 1, 2013 STAR+PLUS HMOs were permitted to include the spell of illness policy provisions in their inpatient reimbursement contracts. Due to this policy,

provider reimbursement for adults in the STAR+PLUS program will be limited to the first 30 days of inpatient care for a spell of illness. Attachment 9 presents a summary of the policy change and the resulting adjustment factors.

### ***Risk Adjustment***

Several risk adjustment techniques are employed in the rate setting methodology. Premium rates are established separately by area of the state and risk group in order to recognize the inherent geographical and demographical variation in the cost of delivering care. In addition, the rating methodology includes a health status adjustment.

The acute care portion of 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). Additional information regarding acuity risk adjustment is included in Attachment 10.

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

#### IV. Administrative Fees and Risk Margin

The rating methodology includes an explicit provision for administrative services. The amount allocated for administrative expenses is \$14.25 pmpm plus 5.75% of gross premium. This amount is intended to provide for all administrative-related services performed by the HMO.

The administrative fee amounts were determined based on a review of (i) the administrative fee provision included in Medicaid HMO premium rates in other states, (ii) the reported administrative expenses of the STAR+PLUS HMOs and (iii) the fees paid for similar services for other large Texas health plans.

The premium rates also include an amount for premium tax (1.75% of premium), maintenance tax (\$0.065 pmpm) and a risk margin (2.0% of premium).

## V. Summary

The chart below presents the results of the FY2015 STAR+PLUS rating analysis and includes all components of the premium – acute care non-inpatient, acute care inpatient, long term care and prescription drugs. This report details the development of the acute care (non-inpatient and inpatient) and long term care components of the premium. Further information regarding the prescription drug component of the premium rate can be found in the report titled State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2015.

| Health Plan                    | Medicaid<br>Only<br>OCC | Medicaid<br>Only<br>HCBS | Dual Eligible<br>OCC | Dual Eligible<br>HCBS |
|--------------------------------|-------------------------|--------------------------|----------------------|-----------------------|
| Monthly Premium Rates          |                         |                          |                      |                       |
| Amerigroup - Bexar             | \$1,177.51              | \$3,981.72               | \$336.56             | \$1,690.86            |
| Molina - Bexar                 | \$1,079.51              | \$3,725.38               | \$336.56             | \$1,690.86            |
| Superior - Bexar               | \$1,232.26              | \$4,044.81               | \$336.56             | \$1,690.86            |
| Molina - Dallas                | \$1,065.90              | \$4,088.60               | \$274.04             | \$1,453.19            |
| Superior - Dallas              | \$1,067.62              | \$4,082.62               | \$274.04             | \$1,453.19            |
| Amerigroup - El Paso           | \$1,296.53              | \$4,873.87               | \$405.58             | \$1,866.41            |
| Molina - El Paso               | \$1,303.53              | \$4,561.40               | \$405.58             | \$1,866.41            |
| Amerigroup - Harris            | \$1,273.77              | \$4,908.10               | \$302.86             | \$1,580.59            |
| Molina - Harris                | \$1,216.56              | \$4,687.51               | \$302.86             | \$1,580.59            |
| United - Harris                | \$1,454.07              | \$4,499.46               | \$302.86             | \$1,580.59            |
| Health Spring - Hidalgo        | \$1,492.71              | \$3,810.73               | \$925.85             | \$1,896.11            |
| Molina - Hidalgo               | \$1,434.12              | \$4,334.04               | \$925.85             | \$1,896.11            |
| Superior - Hidalgo             | \$1,465.38              | \$3,890.75               | \$925.85             | \$1,896.11            |
| Amerigroup - Jefferson         | \$1,066.55              | \$4,127.80               | \$213.67             | \$1,404.62            |
| Molina - Jefferson             | \$1,144.22              | \$3,743.03               | \$213.67             | \$1,404.62            |
| United - Jefferson             | \$1,321.44              | \$4,212.13               | \$213.67             | \$1,404.62            |
| Amerigroup - Lubbock           | \$1,144.73              | \$3,248.24               | \$142.92             | \$1,251.09            |
| Superior - Lubbock             | \$1,073.68              | \$3,364.66               | \$142.92             | \$1,251.09            |
| Superior - Nueces              | \$1,294.79              | \$3,958.51               | \$420.12             | \$1,572.55            |
| United - Nueces                | \$1,224.56              | \$3,714.83               | \$420.12             | \$1,572.55            |
| Amerigroup - Tarrant           | \$1,257.76              | \$4,083.37               | \$197.10             | \$1,504.85            |
| Health Spring - Tarrant        | \$1,091.67              | \$3,582.22               | \$197.10             | \$1,504.85            |
| Amerigroup - Travis            | \$1,251.53              | \$4,861.40               | \$213.44             | \$1,599.59            |
| United - Travis                | \$1,212.15              | \$4,609.58               | \$213.44             | \$1,599.59            |
| Superior - MRSA Central        | \$975.48                | \$3,135.84               | \$192.30             | \$1,171.09            |
| United - MRSA Central          | \$904.18                | \$2,945.72               | \$192.30             | \$1,171.09            |
| Health Spring - MRSA Northeast | \$1,020.00              | \$3,432.51               | \$260.89             | \$1,588.82            |
| United - MRSA Northeast        | \$1,020.00              | \$3,432.51               | \$260.89             | \$1,588.82            |
| Amerigroup - MRSA West         | \$982.82                | \$3,254.32               | \$234.01             | \$1,425.13            |
| Superior - MRSA West           | \$1,028.76              | \$3,376.15               | \$234.01             | \$1,425.13            |

| Health Plan                    | IDD<br>Under 21 | IDD<br>Over 21 |
|--------------------------------|-----------------|----------------|
| Monthly Premium Rates          |                 |                |
| Amerigroup - Bexar             | \$2,066.26      | \$872.39       |
| Molina - Bexar                 | \$2,066.26      | \$872.39       |
| Superior - Bexar               | \$2,066.26      | \$872.39       |
| Molina - Dallas                | \$1,977.91      | \$709.39       |
| Superior - Dallas              | \$1,977.91      | \$709.39       |
| Amerigroup - El Paso           | \$1,826.29      | \$1,017.34     |
| Molina - El Paso               | \$1,826.29      | \$1,017.34     |
| Amerigroup - Harris            | \$2,191.65      | \$923.76       |
| Molina - Harris                | \$2,191.65      | \$923.76       |
| United - Harris                | \$2,191.65      | \$923.76       |
| Health Spring - Hidalgo        | \$3,167.03      | \$964.64       |
| Molina - Hidalgo               | \$3,167.03      | \$964.64       |
| Superior - Hidalgo             | \$3,167.03      | \$964.64       |
| Amerigroup - Jefferson         | \$1,888.61      | \$702.54       |
| Molina - Jefferson             | \$1,888.61      | \$702.54       |
| United - Jefferson             | \$1,888.61      | \$702.54       |
| Amerigroup - Lubbock           | \$2,111.99      | \$834.83       |
| Superior - Lubbock             | \$2,111.99      | \$834.83       |
| Superior - Nueces              | \$1,372.76      | \$1,042.07     |
| United - Nueces                | \$1,372.76      | \$1,042.07     |
| Amerigroup - Tarrant           | \$1,408.78      | \$805.25       |
| Health Spring - Tarrant        | \$1,408.78      | \$805.25       |
| Amerigroup - Travis            | \$1,913.35      | \$894.24       |
| United - Travis                | \$1,913.35      | \$894.24       |
| Superior - MRSA Central        | \$1,268.08      | \$850.60       |
| United - MRSA Central          | \$1,268.08      | \$850.60       |
| Health Spring - MRSA Northeast | \$1,034.20      | \$826.33       |
| United - MRSA Northeast        | \$1,034.20      | \$826.33       |
| Amerigroup - MRSA West         | \$1,092.54      | \$865.75       |
| Superior - MRSA West           | \$1,092.54      | \$865.75       |

Attachment 1 presents additional information regarding the FY2015 rates including a comparison to current (FY2014) rates. Attachments 11 and 12 contain additional information regarding the FY2015 STAR+PLUS MRSA and IDD rates, respectively.

## VI. Actuarial Certification of FY2015 STAR+PLUS HMO Premium Rates

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

Rudd and Wisdom has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their state fiscal year 2015 (FY2015) managed care rate-setting methodology, assumptions and resulting premium rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c).

I certify that the FY2015 HMO premium rates developed by HHSC and Rudd and Wisdom satisfy the following:

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

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

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



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

## VII. Attachments



## ***Attachment 1***

### Summary of FY2015 STAR+PLUS Rating Analysis

The attached exhibit presents summary information regarding the FY2015 rates for the existing STAR+PLUS areas and risk groups (non MRSA and non IDD). Included on the exhibit are current premium rates by component, FY2015 premium rates by component and the percentage rate change by component. Information regarding the MRSA and IDD rate development can be found in Attachments 11 and 12.

## FY2015 STAR+PLUS Rating Summary

|  | Medicaid Only |          | Dual Eligible |      |
|--|---------------|----------|---------------|------|
|  | OCC           | HCBS     | OCC           | HCBS |
| Current (4/1/14-8/31/14) Acute Care (Non-Inpatient) Premium Rates pmpm |               |          |               |      |
| Amerigroup - Bexar   | 373.54        | 1,028.44 | 0.00          | 0.00 |
| Molina - Bexar   | 342.48        | 1,040.62 | 0.00          | 0.00 |
| Superior - Bexar   | 400.84        | 1,036.47 | 0.00          | 0.00 |
| Molina - Dallas  | 353.55        | 985.41   | 0.00          | 0.00 |
| Superior - Dallas  | 364.08        | 1,022.51 | 0.00          | 0.00 |
| Amerigroup - El Paso   | 344.92        | 921.67   | 0.00          | 0.00 |
| Molina - El Paso   | 380.91        | 802.49   | 0.00          | 0.00 |
| Amerigroup - Harris  | 423.60        | 1,371.23 | 0.00          | 0.00 |
| Molina - Harris  | 397.45        | 1,356.27 | 0.00          | 0.00 |
| United - Harris  | 484.26        | 1,240.67 | 0.00          | 0.00 |
| Health Spring - Hidalgo  | 414.84        | 733.60   | 0.00          | 0.00 |
| Molina - Hidalgo   | 410.46        | 837.97   | 0.00          | 0.00 |
| Superior - Hidalgo   | 442.64        | 768.00   | 0.00          | 0.00 |
| Amerigroup - Jefferson   | 356.11        | 769.04   | 0.00          | 0.00 |
| Molina - Jefferson   | 395.67        | 743.09   | 0.00          | 0.00 |
| United - Jefferson   | 409.53        | 1,004.93 | 0.00          | 0.00 |
| Amerigroup - Lubbock   | 360.50        | 699.26   | 0.00          | 0.00 |
| Superior - Lubbock   | 371.15        | 800.85   | 0.00          | 0.00 |
| Superior - Nueces  | 450.42        | 1,036.44 | 0.00          | 0.00 |
| United - Nueces  | 415.80        | 945.50   | 0.00          | 0.00 |
| Amerigroup - Tarrant   | 414.97        | 892.13   | 0.00          | 0.00 |
| Health Spring - Tarrant  | 362.78        | 986.66   | 0.00          | 0.00 |
| Amerigroup - Travis  | 483.26        | 1,167.13 | 0.00          | 0.00 |
| United - Travis  | 443.71        | 1,050.45 | 0.00          | 0.00 |
| Current (4/1/14-8/31/14) Acute Care (Inpatient) Premium Rates pmpm     |               |          |               |      |
| Amerigroup - Bexar   | 178.78        | 545.25   | 0.00          | 0.00 |
| Molina - Bexar   | 163.90        | 551.72   | 0.00          | 0.00 |
| Superior - Bexar   | 191.84        | 549.51   | 0.00          | 0.00 |
| Molina - Dallas  | 203.83        | 582.97   | 0.00          | 0.00 |
| Superior - Dallas  | 209.90        | 604.93   | 0.00          | 0.00 |
| Amerigroup - El Paso   | 177.49        | 608.09   | 0.00          | 0.00 |
| Molina - El Paso   | 196.00        | 529.47   | 0.00          | 0.00 |
| Amerigroup - Harris  | 278.23        | 1,046.19 | 0.00          | 0.00 |
| Molina - Harris  | 261.08        | 1,034.78 | 0.00          | 0.00 |
| United - Harris  | 318.10        | 946.57   | 0.00          | 0.00 |
| Health Spring - Hidalgo  | 146.19        | 373.15   | 0.00          | 0.00 |
| Molina - Hidalgo   | 144.68        | 426.23   | 0.00          | 0.00 |
| Superior - Hidalgo   | 156.01        | 390.62   | 0.00          | 0.00 |
| Amerigroup - Jefferson   | 250.06        | 548.76   | 0.00          | 0.00 |
| Molina - Jefferson   | 277.84        | 530.24   | 0.00          | 0.00 |
| United - Jefferson   | 287.56        | 717.07   | 0.00          | 0.00 |
| Amerigroup - Lubbock   | 243.52        | 417.95   | 0.00          | 0.00 |
| Superior - Lubbock   | 250.71        | 478.66   | 0.00          | 0.00 |
| Superior - Nueces  | 229.82        | 700.15   | 0.00          | 0.00 |
| United - Nueces  | 212.15        | 638.72   | 0.00          | 0.00 |
| Amerigroup - Tarrant   | 203.17        | 569.65   | 0.00          | 0.00 |
| Health Spring - Tarrant  | 177.65        | 630.01   | 0.00          | 0.00 |
| Amerigroup - Travis  | 256.26        | 722.60   | 0.00          | 0.00 |
| United - Travis  | 235.28        | 650.35   | 0.00          | 0.00 |

## FY2015 STAR+PLUS Rating Summary

|   | Medicaid Only |          | Dual Eligible |          |
|---|---------------|----------|---------------|----------|
|   | OCC           | HCBS     | OCC           | HCBS     |
| Current (4/1/14-8/31/14) Long Term Care Premium Rates pmpm    |               |          |               |          |
| Amerigroup - Bexar  | 216.01        | 1,634.36 | 332.76        | 1,712.41 |
| Molina - Bexar  | 216.01        | 1,634.36 | 332.76        | 1,712.41 |
| Superior - Bexar  | 216.01        | 1,634.36 | 332.76        | 1,712.41 |
| Molina - Dallas   | 152.27        | 1,613.96 | 254.49        | 1,521.19 |
| Superior - Dallas   | 152.27        | 1,613.96 | 254.49        | 1,521.19 |
| Amerigroup - El Paso  | 192.54        | 2,112.79 | 374.53        | 2,056.83 |
| Molina - El Paso  | 192.54        | 2,112.79 | 374.53        | 2,056.83 |
| Amerigroup - Harris   | 230.69        | 1,577.53 | 313.27        | 1,517.27 |
| Molina - Harris   | 230.69        | 1,577.53 | 313.27        | 1,517.27 |
| United - Harris   | 230.69        | 1,577.53 | 313.27        | 1,517.27 |
| Health Spring - Hidalgo                                       | 530.37        | 1,980.03 | 891.17        | 1,988.60 |
| Molina - Hidalgo  | 530.37        | 1,980.03 | 891.17        | 1,988.60 |
| Superior - Hidalgo  | 530.37        | 1,980.03 | 891.17        | 1,988.60 |
| Amerigroup - Jefferson  | 95.61         | 1,417.38 | 194.91        | 1,398.86 |
| Molina - Jefferson  | 95.61         | 1,417.38 | 194.91        | 1,398.86 |
| United - Jefferson  | 95.61         | 1,417.38 | 194.91        | 1,398.86 |
| Amerigroup - Lubbock  | 83.15         | 1,439.81 | 142.15        | 1,208.99 |
| Superior - Lubbock  | 83.15         | 1,439.81 | 142.15        | 1,208.99 |
| Superior - Nueces   | 299.99        | 1,553.83 | 430.45        | 1,588.63 |
| United - Nueces   | 299.99        | 1,553.83 | 430.45        | 1,588.63 |
| Amerigroup - Tarrant  | 114.26        | 1,871.52 | 192.66        | 1,469.76 |
| Health Spring - Tarrant                                       | 114.26        | 1,871.52 | 192.66        | 1,469.76 |
| Amerigroup - Travis   | 146.73        | 1,716.09 | 229.87        | 1,661.52 |
| United - Travis   | 146.73        | 1,716.09 | 229.87        | 1,661.52 |
| Current (4/1/14-8/31/14) Prescription Drug Premium Rates pmpm |               |          |               |          |
| Amerigroup - Bexar  | 381.98        | 743.50   | 0.00          | 0.00     |
| Molina - Bexar  | 350.23        | 752.34   | 0.00          | 0.00     |
| Superior - Bexar  | 409.88        | 749.35   | 0.00          | 0.00     |
| Molina - Dallas   | 320.73        | 719.41   | 0.00          | 0.00     |
| Superior - Dallas   | 330.26        | 746.48   | 0.00          | 0.00     |
| Amerigroup - El Paso  | 391.65        | 677.44   | 0.00          | 0.00     |
| Molina - El Paso  | 432.52        | 589.84   | 0.00          | 0.00     |
| Amerigroup - Harris   | 371.43        | 828.54   | 0.00          | 0.00     |
| Molina - Harris   | 348.51        | 819.49   | 0.00          | 0.00     |
| United - Harris   | 424.62        | 749.64   | 0.00          | 0.00     |
| Health Spring - Hidalgo                                       | 309.13        | 610.86   | 0.00          | 0.00     |
| Molina - Hidalgo  | 305.88        | 697.77   | 0.00          | 0.00     |
| Superior - Hidalgo  | 329.85        | 639.48   | 0.00          | 0.00     |
| Amerigroup - Jefferson  | 333.76        | 681.15   | 0.00          | 0.00     |
| Molina - Jefferson  | 370.82        | 658.16   | 0.00          | 0.00     |
| United - Jefferson  | 383.80        | 890.08   | 0.00          | 0.00     |
| Amerigroup - Lubbock  | 361.71        | 504.31   | 0.00          | 0.00     |
| Superior - Lubbock  | 372.38        | 577.58   | 0.00          | 0.00     |
| Superior - Nueces   | 382.53        | 690.54   | 0.00          | 0.00     |
| United - Nueces   | 353.10        | 629.96   | 0.00          | 0.00     |
| Amerigroup - Tarrant  | 412.03        | 797.77   | 0.00          | 0.00     |
| Health Spring - Tarrant                                       | 360.22        | 882.30   | 0.00          | 0.00     |
| Amerigroup - Travis   | 403.72        | 905.39   | 0.00          | 0.00     |
| United - Travis   | 370.68        | 814.87   | 0.00          | 0.00     |

## FY2015 STAR+PLUS Rating Summary

|                                  | Medicaid Only |          | Dual Eligible |          |
|----------------------------------|---------------|----------|---------------|----------|
|                                  | OCC           | HCBS     | OCC           | HCBS     |
| Current Total Premium Rates pmpm |               |          |               |          |
| Amerigroup - Bexar               | 1,150.31      | 3,951.55 | 332.76        | 1,712.41 |
| Molina - Bexar                   | 1,072.62      | 3,979.04 | 332.76        | 1,712.41 |
| Superior - Bexar                 | 1,218.57      | 3,969.69 | 332.76        | 1,712.41 |
| Molina - Dallas                  | 1,030.38      | 3,901.75 | 254.49        | 1,521.19 |
| Superior - Dallas                | 1,056.51      | 3,987.88 | 254.49        | 1,521.19 |
| Amerigroup - El Paso             | 1,106.60      | 4,319.99 | 374.53        | 2,056.83 |
| Molina - El Paso                 | 1,201.97      | 4,034.59 | 374.53        | 2,056.83 |
| Amerigroup - Harris              | 1,303.95      | 4,823.49 | 313.27        | 1,517.27 |
| Molina - Harris                  | 1,237.73      | 4,788.07 | 313.27        | 1,517.27 |
| United - Harris                  | 1,457.67      | 4,514.41 | 313.27        | 1,517.27 |
| Health Spring - Hidalgo          | 1,400.53      | 3,697.64 | 891.17        | 1,988.60 |
| Molina - Hidalgo                 | 1,391.39      | 3,942.00 | 891.17        | 1,988.60 |
| Superior - Hidalgo               | 1,458.87      | 3,778.13 | 891.17        | 1,988.60 |
| Amerigroup - Jefferson           | 1,035.54      | 3,416.33 | 194.91        | 1,398.86 |
| Molina - Jefferson               | 1,139.94      | 3,348.87 | 194.91        | 1,398.86 |
| United - Jefferson               | 1,176.50      | 4,029.46 | 194.91        | 1,398.86 |
| Amerigroup - Lubbock             | 1,048.88      | 3,061.33 | 142.15        | 1,208.99 |
| Superior - Lubbock               | 1,077.39      | 3,296.90 | 142.15        | 1,208.99 |
| Superior - Nueces                | 1,362.76      | 3,980.96 | 430.45        | 1,588.63 |
| United - Nueces                  | 1,281.04      | 3,768.01 | 430.45        | 1,588.63 |
| Amerigroup - Tarrant             | 1,144.43      | 4,131.07 | 192.66        | 1,469.76 |
| Health Spring - Tarrant          | 1,014.91      | 4,370.49 | 192.66        | 1,469.76 |
| Amerigroup - Travis              | 1,289.97      | 4,511.21 | 229.87        | 1,661.52 |
| United - Travis                  | 1,196.40      | 4,231.76 | 229.87        | 1,661.52 |

## FY2015 Acute Care (Non-Inpatient) Premium Rates pmpm (Community Rates with Risk Adjustment)

|                         |        |          |      |      |
|-------------------------|--------|----------|------|------|
| Amerigroup - Bexar      | 391.29 | 1,021.29 | 0.00 | 0.00 |
| Molina - Bexar          | 351.13 | 907.75   | 0.00 | 0.00 |
| Superior - Bexar        | 413.73 | 1,049.23 | 0.00 | 0.00 |
| Molina - Dallas         | 332.94 | 1,059.93 | 0.00 | 0.00 |
| Superior - Dallas       | 333.57 | 1,057.44 | 0.00 | 0.00 |
| Amerigroup - El Paso    | 404.88 | 1,321.16 | 0.00 | 0.00 |
| Molina - El Paso        | 407.51 | 1,185.82 | 0.00 | 0.00 |
| Amerigroup - Harris     | 418.00 | 1,334.67 | 0.00 | 0.00 |
| Molina - Harris         | 395.29 | 1,241.73 | 0.00 | 0.00 |
| United - Harris         | 489.58 | 1,162.50 | 0.00 | 0.00 |
| Health Spring - Hidalgo | 397.26 | 797.56   | 0.00 | 0.00 |
| Molina - Hidalgo        | 371.96 | 1,023.83 | 0.00 | 0.00 |
| Superior - Hidalgo      | 385.46 | 832.16   | 0.00 | 0.00 |
| Amerigroup - Jefferson  | 364.71 | 1,126.46 | 0.00 | 0.00 |
| Molina - Jefferson      | 394.18 | 961.10   | 0.00 | 0.00 |
| United - Jefferson      | 461.42 | 1,162.70 | 0.00 | 0.00 |
| Amerigroup - Lubbock    | 417.32 | 768.32   | 0.00 | 0.00 |
| Superior - Lubbock      | 389.42 | 818.24   | 0.00 | 0.00 |
| Superior - Nueces       | 408.55 | 954.34   | 0.00 | 0.00 |
| United - Nueces         | 380.08 | 856.31   | 0.00 | 0.00 |
| Amerigroup - Tarrant    | 441.15 | 970.69   | 0.00 | 0.00 |
| Health Spring - Tarrant | 376.66 | 765.24   | 0.00 | 0.00 |
| Amerigroup - Travis     | 449.96 | 1,220.22 | 0.00 | 0.00 |
| United - Travis         | 433.97 | 1,117.93 | 0.00 | 0.00 |

## FY2015 STAR+PLUS Rating Summary

|   | Medicaid Only |          | Dual Eligible |          |
|---|---------------|----------|---------------|----------|
|   | OCC           | HCBS     | OCC           | HCBS     |
| FY2015 Acute Care (Inpatient) Premium Rates pmpm (Community Rates with Risk Adjustment) |               |          |               |          |
| Amerigroup - Bexar  | 176.24        | 573.61   | 0.00          | 0.00     |
| Molina - Bexar  | 158.15        | 509.84   | 0.00          | 0.00     |
| Superior - Bexar  | 186.35        | 589.31   | 0.00          | 0.00     |
| Molina - Dallas   | 221.47        | 756.44   | 0.00          | 0.00     |
| Superior - Dallas   | 221.90        | 754.66   | 0.00          | 0.00     |
| Amerigroup - El Paso  | 213.28        | 871.61   | 0.00          | 0.00     |
| Molina - El Paso  | 214.67        | 782.32   | 0.00          | 0.00     |
| Amerigroup - Harris   | 246.58        | 931.46   | 0.00          | 0.00     |
| Molina - Harris   | 233.18        | 866.60   | 0.00          | 0.00     |
| United - Harris   | 288.80        | 811.31   | 0.00          | 0.00     |
| Health Spring - Hidalgo   | 147.76        | 388.48   | 0.00          | 0.00     |
| Molina - Hidalgo  | 138.34        | 498.70   | 0.00          | 0.00     |
| Superior - Hidalgo  | 143.37        | 405.33   | 0.00          | 0.00     |
| Amerigroup - Jefferson  | 231.27        | 613.79   | 0.00          | 0.00     |
| Molina - Jefferson  | 249.96        | 523.69   | 0.00          | 0.00     |
| United - Jefferson  | 292.60        | 633.54   | 0.00          | 0.00     |
| Amerigroup - Lubbock  | 243.86        | 421.82   | 0.00          | 0.00     |
| Superior - Lubbock  | 227.56        | 449.23   | 0.00          | 0.00     |
| Superior - Nueces   | 194.92        | 658.89   | 0.00          | 0.00     |
| United - Nueces   | 181.34        | 591.21   | 0.00          | 0.00     |
| Amerigroup - Tarrant  | 248.20        | 499.62   | 0.00          | 0.00     |
| Health Spring - Tarrant   | 211.92        | 393.87   | 0.00          | 0.00     |
| Amerigroup - Travis   | 229.47        | 698.27   | 0.00          | 0.00     |
| United - Travis   | 221.32        | 639.74   | 0.00          | 0.00     |
| FY2015 Long Term Care Premium Rates pmpm (Community Rates)                              |               |          |               |          |
| Amerigroup - Bexar  | 222.75        | 1,675.96 | 336.56        | 1,690.86 |
| Molina - Bexar  | 222.75        | 1,675.96 | 336.56        | 1,690.86 |
| Superior - Bexar  | 222.75        | 1,675.96 | 336.56        | 1,690.86 |
| Molina - Dallas   | 165.70        | 1,544.86 | 274.04        | 1,453.19 |
| Superior - Dallas   | 165.70        | 1,544.86 | 274.04        | 1,453.19 |
| Amerigroup - El Paso  | 220.60        | 1,823.59 | 405.58        | 1,866.41 |
| Molina - El Paso  | 220.60        | 1,823.59 | 405.58        | 1,866.41 |
| Amerigroup - Harris   | 220.83        | 1,740.23 | 302.86        | 1,580.59 |
| Molina - Harris   | 220.83        | 1,740.23 | 302.86        | 1,580.59 |
| United - Harris   | 220.83        | 1,740.23 | 302.86        | 1,580.59 |
| Health Spring - Hidalgo   | 572.93        | 1,966.21 | 925.85        | 1,896.11 |
| Molina - Hidalgo  | 572.93        | 1,966.21 | 925.85        | 1,896.11 |
| Superior - Hidalgo  | 572.93        | 1,966.21 | 925.85        | 1,896.11 |
| Amerigroup - Jefferson  | 105.30        | 1,506.70 | 213.67        | 1,404.62 |
| Molina - Jefferson  | 105.30        | 1,506.70 | 213.67        | 1,404.62 |
| United - Jefferson  | 105.30        | 1,506.70 | 213.67        | 1,404.62 |
| Amerigroup - Lubbock  | 81.98         | 1,456.53 | 142.92        | 1,251.09 |
| Superior - Lubbock  | 81.98         | 1,456.53 | 142.92        | 1,251.09 |
| Superior - Nueces   | 286.96        | 1,586.32 | 420.12        | 1,572.55 |
| United - Nueces   | 286.96        | 1,586.32 | 420.12        | 1,572.55 |
| Amerigroup - Tarrant  | 121.60        | 1,715.62 | 197.10        | 1,504.85 |
| Health Spring - Tarrant   | 121.60        | 1,715.62 | 197.10        | 1,504.85 |
| Amerigroup - Travis   | 143.09        | 1,857.36 | 213.44        | 1,599.59 |
| United - Travis   | 143.09        | 1,857.36 | 213.44        | 1,599.59 |

## FY2015 STAR+PLUS Rating Summary

|  | Medicaid Only |          | Dual Eligible |          |
|--|---------------|----------|---------------|----------|
|  | OCC           | HCBS     | OCC           | HCBS     |
| FY2015 Prescription Drug Premium Rates pmpm (Community Rates with Risk Adjustment) |               |          |               |          |
| Amerigroup - Bexar   | 387.23        | 710.86   | 0.00          | 0.00     |
| Molina - Bexar   | 347.48        | 631.83   | 0.00          | 0.00     |
| Superior - Bexar   | 409.43        | 730.31   | 0.00          | 0.00     |
| Molina - Dallas  | 345.79        | 727.37   | 0.00          | 0.00     |
| Superior - Dallas  | 346.45        | 725.66   | 0.00          | 0.00     |
| Amerigroup - El Paso   | 457.77        | 857.51   | 0.00          | 0.00     |
| Molina - El Paso   | 460.75        | 769.67   | 0.00          | 0.00     |
| Amerigroup - Harris  | 388.36        | 901.74   | 0.00          | 0.00     |
| Molina - Harris  | 367.26        | 838.95   | 0.00          | 0.00     |
| United - Harris  | 454.86        | 785.42   | 0.00          | 0.00     |
| Health Spring - Hidalgo  | 374.76        | 658.48   | 0.00          | 0.00     |
| Molina - Hidalgo   | 350.89        | 845.30   | 0.00          | 0.00     |
| Superior - Hidalgo   | 363.62        | 687.05   | 0.00          | 0.00     |
| Amerigroup - Jefferson   | 365.27        | 880.85   | 0.00          | 0.00     |
| Molina - Jefferson   | 394.78        | 751.54   | 0.00          | 0.00     |
| United - Jefferson   | 462.12        | 909.19   | 0.00          | 0.00     |
| Amerigroup - Lubbock   | 401.57        | 601.57   | 0.00          | 0.00     |
| Superior - Lubbock   | 374.72        | 640.66   | 0.00          | 0.00     |
| Superior - Nueces  | 404.36        | 758.96   | 0.00          | 0.00     |
| United - Nueces  | 376.18        | 680.99   | 0.00          | 0.00     |
| Amerigroup - Tarrant   | 446.81        | 897.44   | 0.00          | 0.00     |
| Health Spring - Tarrant  | 381.49        | 707.49   | 0.00          | 0.00     |
| Amerigroup - Travis  | 429.01        | 1,085.55 | 0.00          | 0.00     |
| United - Travis  | 413.77        | 994.55   | 0.00          | 0.00     |
| FY2015 Total Premium Rates pmpm  |               |          |               |          |
| Amerigroup - Bexar   | 1,177.51      | 3,981.72 | 336.56        | 1,690.86 |
| Molina - Bexar   | 1,079.51      | 3,725.38 | 336.56        | 1,690.86 |
| Superior - Bexar   | 1,232.26      | 4,044.81 | 336.56        | 1,690.86 |
| Molina - Dallas  | 1,065.90      | 4,088.60 | 274.04        | 1,453.19 |
| Superior - Dallas  | 1,067.62      | 4,082.62 | 274.04        | 1,453.19 |
| Amerigroup - El Paso   | 1,296.53      | 4,873.87 | 405.58        | 1,866.41 |
| Molina - El Paso   | 1,303.53      | 4,561.40 | 405.58        | 1,866.41 |
| Amerigroup - Harris  | 1,273.77      | 4,908.10 | 302.86        | 1,580.59 |
| Molina - Harris  | 1,216.56      | 4,687.51 | 302.86        | 1,580.59 |
| United - Harris  | 1,454.07      | 4,499.46 | 302.86        | 1,580.59 |
| Health Spring - Hidalgo  | 1,492.71      | 3,810.73 | 925.85        | 1,896.11 |
| Molina - Hidalgo   | 1,434.12      | 4,334.04 | 925.85        | 1,896.11 |
| Superior - Hidalgo   | 1,465.38      | 3,890.75 | 925.85        | 1,896.11 |
| Amerigroup - Jefferson   | 1,066.55      | 4,127.80 | 213.67        | 1,404.62 |
| Molina - Jefferson   | 1,144.22      | 3,743.03 | 213.67        | 1,404.62 |
| United - Jefferson   | 1,321.44      | 4,212.13 | 213.67        | 1,404.62 |
| Amerigroup - Lubbock   | 1,144.73      | 3,248.24 | 142.92        | 1,251.09 |
| Superior - Lubbock   | 1,073.68      | 3,364.66 | 142.92        | 1,251.09 |
| Superior - Nueces  | 1,294.79      | 3,958.51 | 420.12        | 1,572.55 |
| United - Nueces  | 1,224.56      | 3,714.83 | 420.12        | 1,572.55 |
| Amerigroup - Tarrant   | 1,257.76      | 4,083.37 | 197.10        | 1,504.85 |
| Health Spring - Tarrant  | 1,091.67      | 3,582.22 | 197.10        | 1,504.85 |
| Amerigroup - Travis  | 1,251.53      | 4,861.40 | 213.44        | 1,599.59 |
| United - Travis  | 1,212.15      | 4,609.58 | 213.44        | 1,599.59 |

## FY2015 STAR+PLUS Rating Summary

|   | Medicaid Only |        | Dual Eligible |      |
|---|---------------|--------|---------------|------|
|   | OCC           | HCBS   | OCC           | HCBS |
| FY2015 Acute Care (Non-Inpatient) Premium Rate Change |               |        |               |      |
| Amerigroup - Bexar                                    | 4.8%          | -0.7%  | 0.0%          | 0.0% |
| Molina - Bexar  | 2.5%          | -12.8% | 0.0%          | 0.0% |
| Superior - Bexar                                      | 3.2%          | 1.2%   | 0.0%          | 0.0% |
| Molina - Dallas                                       | -5.8%         | 7.6%   | 0.0%          | 0.0% |
| Superior - Dallas                                     | -8.4%         | 3.4%   | 0.0%          | 0.0% |
| Amerigroup - El Paso                                  | 17.4%         | 43.3%  | 0.0%          | 0.0% |
| Molina - El Paso                                      | 7.0%          | 47.8%  | 0.0%          | 0.0% |
| Amerigroup - Harris                                   | -1.3%         | -2.7%  | 0.0%          | 0.0% |
| Molina - Harris                                       | -0.5%         | -8.4%  | 0.0%          | 0.0% |
| United - Harris                                       | 1.1%          | -6.3%  | 0.0%          | 0.0% |
| Health Spring - Hidalgo                               | -4.2%         | 8.7%   | 0.0%          | 0.0% |
| Molina - Hidalgo                                      | -9.4%         | 22.2%  | 0.0%          | 0.0% |
| Superior - Hidalgo                                    | -12.9%        | 8.4%   | 0.0%          | 0.0% |
| Amerigroup - Jefferson                                | 2.4%          | 46.5%  | 0.0%          | 0.0% |
| Molina - Jefferson                                    | -0.4%         | 29.3%  | 0.0%          | 0.0% |
| United - Jefferson                                    | 12.7%         | 15.7%  | 0.0%          | 0.0% |
| Amerigroup - Lubbock                                  | 15.8%         | 9.9%   | 0.0%          | 0.0% |
| Superior - Lubbock                                    | 4.9%          | 2.2%   | 0.0%          | 0.0% |
| Superior - Nueces                                     | -9.3%         | -7.9%  | 0.0%          | 0.0% |
| United - Nueces                                       | -8.6%         | -9.4%  | 0.0%          | 0.0% |
| Amerigroup - Tarrant                                  | 6.3%          | 8.8%   | 0.0%          | 0.0% |
| Health Spring - Tarrant                               | 3.8%          | -22.4% | 0.0%          | 0.0% |
| Amerigroup - Travis                                   | -6.9%         | 4.5%   | 0.0%          | 0.0% |
| United - Travis                                       | -2.2%         | 6.4%   | 0.0%          | 0.0% |
| FY2015 Acute Care (Inpatient) Premium Rate Change     |               |        |               |      |
| Amerigroup - Bexar                                    | -1.4%         | 5.2%   | 0.0%          | 0.0% |
| Molina - Bexar  | -3.5%         | -7.6%  | 0.0%          | 0.0% |
| Superior - Bexar                                      | -2.9%         | 7.2%   | 0.0%          | 0.0% |
| Molina - Dallas                                       | 8.7%          | 29.8%  | 0.0%          | 0.0% |
| Superior - Dallas                                     | 5.7%          | 24.8%  | 0.0%          | 0.0% |
| Amerigroup - El Paso                                  | 20.2%         | 43.3%  | 0.0%          | 0.0% |
| Molina - El Paso                                      | 9.5%          | 47.8%  | 0.0%          | 0.0% |
| Amerigroup - Harris                                   | -11.4%        | -11.0% | 0.0%          | 0.0% |
| Molina - Harris                                       | -10.7%        | -16.3% | 0.0%          | 0.0% |
| United - Harris                                       | -9.2%         | -14.3% | 0.0%          | 0.0% |
| Health Spring - Hidalgo                               | 1.1%          | 4.1%   | 0.0%          | 0.0% |
| Molina - Hidalgo                                      | -4.4%         | 17.0%  | 0.0%          | 0.0% |
| Superior - Hidalgo                                    | -8.1%         | 3.8%   | 0.0%          | 0.0% |
| Amerigroup - Jefferson                                | -7.5%         | 11.9%  | 0.0%          | 0.0% |
| Molina - Jefferson                                    | -10.0%        | -1.2%  | 0.0%          | 0.0% |
| United - Jefferson                                    | 1.8%          | -11.6% | 0.0%          | 0.0% |
| Amerigroup - Lubbock                                  | 0.1%          | 0.9%   | 0.0%          | 0.0% |
| Superior - Lubbock                                    | -9.2%         | -6.1%  | 0.0%          | 0.0% |
| Superior - Nueces                                     | -15.2%        | -5.9%  | 0.0%          | 0.0% |
| United - Nueces                                       | -14.5%        | -7.4%  | 0.0%          | 0.0% |
| Amerigroup - Tarrant                                  | 22.2%         | -12.3% | 0.0%          | 0.0% |
| Health Spring - Tarrant                               | 19.3%         | -37.5% | 0.0%          | 0.0% |
| Amerigroup - Travis                                   | -10.5%        | -3.4%  | 0.0%          | 0.0% |
| United - Travis                                       | -5.9%         | -1.6%  | 0.0%          | 0.0% |

## FY2015 STAR+PLUS Rating Summary

|  | Medicaid Only |        | Dual Eligible |       |
|--|---------------|--------|---------------|-------|
|  | OCC           | HCBS   | OCC           | HCBS  |
| FY2015 Long Term Care Premium Rate Change    |               |        |               |       |
| Amerigroup - Bexar                           | 3.1%          | 2.5%   | 1.1%          | -1.3% |
| Molina - Bexar                               | 3.1%          | 2.5%   | 1.1%          | -1.3% |
| Superior - Bexar                             | 3.1%          | 2.5%   | 1.1%          | -1.3% |
| Molina - Dallas                              | 8.8%          | -4.3%  | 7.7%          | -4.5% |
| Superior - Dallas                            | 8.8%          | -4.3%  | 7.7%          | -4.5% |
| Amerigroup - El Paso                         | 14.6%         | -13.7% | 8.3%          | -9.3% |
| Molina - El Paso                             | 14.6%         | -13.7% | 8.3%          | -9.3% |
| Amerigroup - Harris                          | -4.3%         | 10.3%  | -3.3%         | 4.2%  |
| Molina - Harris                              | -4.3%         | 10.3%  | -3.3%         | 4.2%  |
| United - Harris                              | -4.3%         | 10.3%  | -3.3%         | 4.2%  |
| Health Spring - Hidalgo                      | 8.0%          | -0.7%  | 3.9%          | -4.7% |
| Molina - Hidalgo                             | 8.0%          | -0.7%  | 3.9%          | -4.7% |
| Superior - Hidalgo                           | 8.0%          | -0.7%  | 3.9%          | -4.7% |
| Amerigroup - Jefferson                       | 10.1%         | 6.3%   | 9.6%          | 0.4%  |
| Molina - Jefferson                           | 10.1%         | 6.3%   | 9.6%          | 0.4%  |
| United - Jefferson                           | 10.1%         | 6.3%   | 9.6%          | 0.4%  |
| Amerigroup - Lubbock                         | -1.4%         | 1.2%   | 0.5%          | 3.5%  |
| Superior - Lubbock                           | -1.4%         | 1.2%   | 0.5%          | 3.5%  |
| Superior - Nueces                            | -4.3%         | 2.1%   | -2.4%         | -1.0% |
| United - Nueces                              | -4.3%         | 2.1%   | -2.4%         | -1.0% |
| Amerigroup - Tarrant                         | 6.4%          | -8.3%  | 2.3%          | 2.4%  |
| Health Spring - Tarrant                      | 6.4%          | -8.3%  | 2.3%          | 2.4%  |
| Amerigroup - Travis                          | -2.5%         | 8.2%   | -7.1%         | -3.7% |
| United - Travis                              | -2.5%         | 8.2%   | -7.1%         | -3.7% |
| FY2015 Prescription Drug Premium Rate Change |               |        |               |       |
| Amerigroup - Bexar                           | 1.4%          | -4.4%  | 0.0%          | 0.0%  |
| Molina - Bexar                               | -0.8%         | -16.0% | 0.0%          | 0.0%  |
| Superior - Bexar                             | -0.1%         | -2.5%  | 0.0%          | 0.0%  |
| Molina - Dallas                              | 7.8%          | 1.1%   | 0.0%          | 0.0%  |
| Superior - Dallas                            | 4.9%          | -2.8%  | 0.0%          | 0.0%  |
| Amerigroup - El Paso                         | 16.9%         | 26.6%  | 0.0%          | 0.0%  |
| Molina - El Paso                             | 6.5%          | 30.5%  | 0.0%          | 0.0%  |
| Amerigroup - Harris                          | 4.6%          | 8.8%   | 0.0%          | 0.0%  |
| Molina - Harris                              | 5.4%          | 2.4%   | 0.0%          | 0.0%  |
| United - Harris                              | 7.1%          | 4.8%   | 0.0%          | 0.0%  |
| Health Spring - Hidalgo                      | 21.2%         | 7.8%   | 0.0%          | 0.0%  |
| Molina - Hidalgo                             | 14.7%         | 21.1%  | 0.0%          | 0.0%  |
| Superior - Hidalgo                           | 10.2%         | 7.4%   | 0.0%          | 0.0%  |
| Amerigroup - Jefferson                       | 9.4%          | 29.3%  | 0.0%          | 0.0%  |
| Molina - Jefferson                           | 6.5%          | 14.2%  | 0.0%          | 0.0%  |
| United - Jefferson                           | 20.4%         | 2.1%   | 0.0%          | 0.0%  |
| Amerigroup - Lubbock                         | 11.0%         | 19.3%  | 0.0%          | 0.0%  |
| Superior - Lubbock                           | 0.6%          | 10.9%  | 0.0%          | 0.0%  |
| Superior - Nueces                            | 5.7%          | 9.9%   | 0.0%          | 0.0%  |
| United - Nueces                              | 6.5%          | 8.1%   | 0.0%          | 0.0%  |
| Amerigroup - Tarrant                         | 8.4%          | 12.5%  | 0.0%          | 0.0%  |
| Health Spring - Tarrant                      | 5.9%          | -19.8% | 0.0%          | 0.0%  |
| Amerigroup - Travis                          | 6.3%          | 19.9%  | 0.0%          | 0.0%  |
| United - Travis                              | 11.6%         | 22.1%  | 0.0%          | 0.0%  |



## FY2015 STAR+PLUS Rating Summary

|                                  | Medicaid Only |        | Dual Eligible |       |
|----------------------------------|---------------|--------|---------------|-------|
|                                  | OCC           | HCBS   | OCC           | HCBS  |
| FY2015 Total Premium Rate Change |               |        |               |       |
| Amerigroup - Bexar               | 2.4%          | 0.8%   | 1.1%          | -1.3% |
| Molina - Bexar                   | 0.6%          | -6.4%  | 1.1%          | -1.3% |
| Superior - Bexar                 | 1.1%          | 1.9%   | 1.1%          | -1.3% |
| Molina - Dallas                  | 3.4%          | 4.8%   | 7.7%          | -4.5% |
| Superior - Dallas                | 1.1%          | 2.4%   | 7.7%          | -4.5% |
| Amerigroup - El Paso             | 17.2%         | 12.8%  | 8.3%          | -9.3% |
| Molina - El Paso                 | 8.4%          | 13.1%  | 8.3%          | -9.3% |
| Amerigroup - Harris              | -2.3%         | 1.8%   | -3.3%         | 4.2%  |
| Molina - Harris                  | -1.7%         | -2.1%  | -3.3%         | 4.2%  |
| United - Harris                  | -0.2%         | -0.3%  | -3.3%         | 4.2%  |
| Health Spring - Hidalgo          | 6.6%          | 3.1%   | 3.9%          | -4.7% |
| Molina - Hidalgo                 | 3.1%          | 9.9%   | 3.9%          | -4.7% |
| Superior - Hidalgo               | 0.4%          | 3.0%   | 3.9%          | -4.7% |
| Amerigroup - Jefferson           | 3.0%          | 20.8%  | 9.6%          | 0.4%  |
| Molina - Jefferson               | 0.4%          | 11.8%  | 9.6%          | 0.4%  |
| United - Jefferson               | 12.3%         | 4.5%   | 9.6%          | 0.4%  |
| Amerigroup - Lubbock             | 9.1%          | 6.1%   | 0.5%          | 3.5%  |
| Superior - Lubbock               | -0.3%         | 2.1%   | 0.5%          | 3.5%  |
| Superior - Nueces                | -5.0%         | -0.6%  | -2.4%         | -1.0% |
| United - Nueces                  | -4.4%         | -1.4%  | -2.4%         | -1.0% |
| Amerigroup - Tarrant             | 9.9%          | -1.2%  | 2.3%          | 2.4%  |
| Health Spring - Tarrant          | 7.6%          | -18.0% | 2.3%          | 2.4%  |
| Amerigroup - Travis              | -3.0%         | 7.8%   | -7.1%         | -3.7% |
| United - Travis                  | 1.3%          | 8.9%   | -7.1%         | -3.7% |

## *Attachment 2*

### Individual HMO Experience Analysis

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

Exhibit A. This exhibit shows a sample of the monthly enrollment and earned premium by risk group for the period September 2010 through February 2014. All of this information was provided by HHSC.

Exhibit B. This exhibit shows a sample of a claim lag report for one risk group. This report includes claim amounts by payment month and month of service. We analyzed claims experience for the period September 2010 through February 2014.

Exhibit C. This exhibit shows the calculation of estimated monthly incurred claims for one risk group. The report includes the following information: (i) monthly enrollment, (ii) claim amounts incurred in that month and paid through February 28, 2014, (iii) estimated proportion of that month's incurred claims paid through February 28, 2014 (completion factor), (iv) estimated incurred claims, (v) estimated incurred claims pmpm and (vi) the ratio of this month's incurred claims pmpm to the same statistic from one year ago (trend factor). The assumed completion factors and estimated incurred claims were derived based on the actual historical claims payment pattern of the HMO.

Exhibit D. This exhibit is a summary of the sample HMO's projected FY2015 cost based on the HMO's actual experience. The top of the exhibit shows summary base period (FY2013) enrollment, premium and claims experience. Next are projected FY2013 enrollment and premium based on current (FY2014) rates. Trend assumptions for FY2014 and FY2015 are used to project the average base period claims cost to FY2015. Adjustment factors are used to recognize the cost impact of benefit and provider reimbursement changes. Combining these factors results in projected FY2015 incurred claims.

In addition to incurred claims, provision is also made for services that are capitated by the HMO, such as vision and behavioral health services. Other expenses such as those related to the coordination of care are included.

A provision for administrative expenses is included in the amount of \$14.25 pmpm and 5.75% of gross premium. Additional provisions are also included for premium tax (1.75% of premium), maintenance tax (\$0.065 pmpm) and risk margin (2.0% of premium).

At the bottom of Exhibit D is a summary of the projected FY2015 cost based on the above assumptions. Cost projections are presented separately for acute care and long term care services.

Similar analyses are done separately for inpatient hospital services.

Sample HMO  
 Enrollment and Premium Experience  
 Number of Members

| Month  | Medicaid Only |       | Dual Eligible |       | Total<br>Members |
|--------|---------------|-------|---------------|-------|------------------|
|        | OCC           | HCBS  | OCC           | HCBS  |                  |
| Sep-10 | 3,267         | 118   | 5,131         | 589   | 9,105            |
| Oct-10 | 3,267         | 123   | 5,090         | 657   | 9,137            |
| Nov-10 | 3,242         | 119   | 5,085         | 670   | 9,116            |
| Dec-10 | 3,234         | 109   | 5,018         | 657   | 9,018            |
| Jan-11 | 3,256         | 117   | 5,080         | 652   | 9,105            |
| Feb-11 | 3,286         | 123   | 5,093         | 637   | 9,139            |
| Mar-11 | 3,278         | 119   | 5,051         | 640   | 9,088            |
| Apr-11 | 3,248         | 120   | 5,045         | 630   | 9,043            |
| May-11 | 3,228         | 122   | 5,010         | 632   | 8,992            |
| Jun-11 | 3,233         | 117   | 5,010         | 634   | 8,994            |
| Jul-11 | 3,213         | 129   | 5,009         | 630   | 8,981            |
| Aug-11 | 3,229         | 125   | 5,004         | 613   | 8,971            |
| Sep-11 | 3,301         | 123   | 4,982         | 607   | 9,013            |
| Oct-11 | 3,312         | 120   | 5,012         | 601   | 9,045            |
| Nov-11 | 3,361         | 122   | 5,006         | 608   | 9,097            |
| Dec-11 | 3,380         | 118   | 4,946         | 605   | 9,049            |
| Jan-12 | 3,389         | 121   | 4,931         | 589   | 9,030            |
| Feb-12 | 3,351         | 126   | 4,946         | 572   | 8,995            |
| Mar-12 | 3,413         | 126   | 4,969         | 562   | 9,070            |
| Apr-12 | 3,463         | 124   | 4,945         | 551   | 9,083            |
| May-12 | 3,440         | 129   | 4,934         | 547   | 9,050            |
| Jun-12 | 3,481         | 126   | 4,932         | 554   | 9,093            |
| Jul-12 | 3,519         | 123   | 4,922         | 579   | 9,143            |
| Aug-12 | 3,508         | 124   | 4,897         | 571   | 9,100            |
| Sep-12 | 3,620         | 130   | 4,912         | 572   | 9,234            |
| Oct-12 | 3,716         | 131   | 4,920         | 571   | 9,338            |
| Nov-12 | 3,754         | 140   | 4,973         | 577   | 9,444            |
| Dec-12 | 3,764         | 139   | 4,950         | 571   | 9,424            |
| Jan-13 | 3,741         | 142   | 5,043         | 563   | 9,489            |
| Feb-13 | 3,753         | 154   | 5,065         | 555   | 9,527            |
| Mar-13 | 3,760         | 155   | 5,112         | 550   | 9,577            |
| Apr-13 | 3,791         | 159   | 5,135         | 550   | 9,635            |
| May-13 | 3,828         | 161   | 5,138         | 548   | 9,675            |
| Jun-13 | 3,844         | 159   | 5,146         | 551   | 9,700            |
| Jul-13 | 3,867         | 159   | 5,196         | 546   | 9,768            |
| Aug-13 | 3,862         | 167   | 5,165         | 559   | 9,753            |
| FY2011 | 38,981        | 1,441 | 60,626        | 7,641 | 108,689          |
| FY2012 | 40,918        | 1,482 | 59,422        | 6,946 | 108,768          |
| FY2013 | 45,300        | 1,796 | 60,755        | 6,713 | 114,564          |

Sample HMO  
 Enrollment and Premium Experience  
 Premium Amount

| Month  | Medicaid Only |           | Dual Eligible |            | Total      |
|--------|---------------|-----------|---------------|------------|------------|
|        | OCC           | HCBS      | OCC           | HCBS       |            |
| Sep-10 | 1,732,163     | 350,218   | 1,385,986     | 985,297    | 4,453,664  |
| Oct-10 | 1,732,163     | 365,058   | 1,374,911     | 1,099,049  | 4,571,181  |
| Nov-10 | 1,718,908     | 353,186   | 1,373,560     | 1,120,796  | 4,566,451  |
| Dec-10 | 1,714,667     | 323,507   | 1,355,462     | 1,099,049  | 4,492,685  |
| Jan-11 | 1,726,331     | 347,250   | 1,372,210     | 1,090,685  | 4,536,476  |
| Feb-11 | 1,735,304     | 364,173   | 1,375,721     | 1,065,593  | 4,540,791  |
| Mar-11 | 1,731,079     | 352,330   | 1,364,376     | 1,070,611  | 4,518,397  |
| Apr-11 | 1,715,236     | 355,291   | 1,362,755     | 1,053,883  | 4,487,166  |
| May-11 | 1,704,675     | 361,213   | 1,353,301     | 1,057,229  | 4,476,417  |
| Jun-11 | 1,707,315     | 346,409   | 1,353,301     | 1,060,574  | 4,467,599  |
| Jul-11 | 1,696,753     | 381,938   | 1,353,031     | 1,053,883  | 4,485,605  |
| Aug-11 | 1,705,203     | 370,095   | 1,351,680     | 1,025,445  | 4,452,423  |
| Sep-11 | 1,734,147     | 357,623   | 1,324,216     | 1,015,778  | 4,431,764  |
| Oct-11 | 1,739,926     | 348,900   | 1,332,190     | 1,005,737  | 4,426,753  |
| Nov-11 | 1,765,668     | 354,715   | 1,330,595     | 1,017,452  | 4,468,429  |
| Dec-11 | 1,775,649     | 343,085   | 1,314,647     | 1,012,431  | 4,445,812  |
| Jan-12 | 1,800,474     | 361,080   | 1,310,660     | 992,524    | 4,464,737  |
| Feb-12 | 1,780,286     | 376,000   | 1,314,647     | 963,877    | 4,434,810  |
| Mar-12 | 1,798,822     | 370,221   | 1,320,760     | 942,659    | 4,432,462  |
| Apr-12 | 1,825,174     | 364,344   | 1,314,381     | 924,209    | 4,428,108  |
| May-12 | 1,813,052     | 379,036   | 1,311,457     | 917,500    | 4,421,044  |
| Jun-12 | 1,834,661     | 370,221   | 1,310,926     | 929,241    | 4,445,048  |
| Jul-12 | 1,854,689     | 361,406   | 1,308,268     | 971,174    | 4,495,537  |
| Aug-12 | 1,848,891     | 364,344   | 1,301,623     | 957,755    | 4,472,614  |
| Sep-12 | 2,112,560     | 344,054   | 1,478,070     | 992,609    | 4,927,292  |
| Oct-12 | 2,168,583     | 346,701   | 1,480,477     | 990,873    | 4,986,635  |
| Nov-12 | 2,190,759     | 370,520   | 1,496,425     | 1,001,285  | 5,058,990  |
| Dec-12 | 2,196,595     | 367,873   | 1,489,505     | 990,873    | 5,044,846  |
| Jan-13 | 2,183,173     | 375,813   | 1,517,489     | 976,991    | 5,053,466  |
| Feb-13 | 2,190,176     | 407,572   | 1,524,109     | 963,108    | 5,084,965  |
| Mar-13 | 2,194,261     | 410,218   | 1,538,252     | 954,432    | 5,097,163  |
| Apr-13 | 2,212,352     | 420,805   | 1,545,173     | 954,432    | 5,132,761  |
| May-13 | 2,233,944     | 426,098   | 1,546,076     | 950,961    | 5,157,078  |
| Jun-13 | 2,243,282     | 420,805   | 1,548,483     | 956,167    | 5,168,736  |
| Jul-13 | 2,256,704     | 420,805   | 1,563,528     | 947,490    | 5,188,527  |
| Aug-13 | 2,253,786     | 441,977   | 1,554,200     | 970,049    | 5,220,013  |
| FY2011 | 20,619,798    | 4,270,669 | 16,376,295    | 12,782,094 | 54,048,855 |
| FY2012 | 21,571,439    | 4,350,974 | 15,794,368    | 11,650,337 | 53,367,119 |
| FY2013 | 26,436,174    | 4,753,240 | 18,281,787    | 11,649,270 | 61,120,471 |

Sample HMO  
Claims Lag Report

| Month                          | Sep-10  | Oct-10  | Nov-10  | Dec-10  | Jan-11  | Feb-11  | Mar-11  | Apr-11  | May-11  | Jun-11  | Jul-11  | Aug-11   | Sep-11   | Oct-11  | Nov-11  |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|---------|---------|
| Acute Care - Medicaid Only OCC |         |         |         |         |         |         |         |         |         |         |         |          |          |         |         |
| Sep-10                         | 306,287 | 427,182 | 73,824  | 37,975  | 10,965  | (4,832) | 6,619   | 4,535   | 2,042   | 1,386   | 498     | (4,221)  | (22,476) | (23)    | (2,972) |
| Oct-10                         |         | 328,781 | 304,071 | 111,595 | 33,696  | 17,133  | 3,384   | 6,020   | (730)   | 674     | 132     | (17,217) | (17,068) | 468     | 1,457   |
| Nov-10                         |         |         | 237,257 | 460,472 | 46,941  | (8,355) | 50,235  | 1,964   | 4,583   | 2,284   | 3,671   | (46,127) | (9,438)  | 1,311   | 885     |
| Dec-10                         |         |         |         | 312,595 | 293,540 | 58,637  | 43,311  | 8,720   | 5,341   | (34)    | (2,233) | 1,943    | (4,019)  | (299)   | 749     |
| Jan-11                         |         |         |         |         | 290,908 | 352,379 | 73,268  | 37,188  | 10,189  | 5,106   | 2,547   | 2,305    | 1,640    | 620     | (1,416) |
| Feb-11                         |         |         |         |         |         | 234,608 | 386,828 | 77,110  | 21,469  | 6,662   | (633)   | 7,032    | 1,927    | 82      | 434     |
| Mar-11                         |         |         |         |         |         |         | 333,783 | 391,221 | 65,007  | 30,046  | 7,923   | 7,180    | (5,071)  | 4,522   | 1,592   |
| Apr-11                         |         |         |         |         |         |         |         | 383,130 | 343,554 | 70,348  | 31,742  | 7,597    | (3,845)  | 4,514   | 2,199   |
| May-11                         |         |         |         |         |         |         |         |         | 354,268 | 369,739 | 88,965  | 21,451   | 8,685    | 12,334  | 6,150   |
| Jun-11                         |         |         |         |         |         |         |         |         |         | 349,175 | 377,173 | 74,826   | 24,195   | 9,400   | 5,595   |
| Jul-11                         |         |         |         |         |         |         |         |         |         |         | 385,921 | 355,307  | 45,425   | 37,707  | 7,251   |
| Aug-11                         |         |         |         |         |         |         |         |         |         |         |         | 437,317  | 340,859  | 75,821  | 35,970  |
| Sep-11                         |         |         |         |         |         |         |         |         |         |         |         |          | 299,035  | 415,640 | 75,885  |
| Oct-11                         |         |         |         |         |         |         |         |         |         |         |         |          |          | 323,994 | 363,651 |
| Nov-11                         |         |         |         |         |         |         |         |         |         |         |         |          |          |         | 324,506 |
| Dec-11                         |         |         |         |         |         |         |         |         |         |         |         |          |          |         |         |
| Jan-12                         |         |         |         |         |         |         |         |         |         |         |         |          |          |         |         |
| Feb-12                         |         |         |         |         |         |         |         |         |         |         |         |          |          |         |         |
| Mar-12                         |         |         |         |         |         |         |         |         |         |         |         |          |          |         |         |
| Apr-12                         |         |         |         |         |         |         |         |         |         |         |         |          |          |         |         |

Sample HMO  
Estimated Claims Experience

| Month  | Acute Care - Medicaid Only OCC |                    |                 |                   |                 | Trend |
|--------|--------------------------------|--------------------|-----------------|-------------------|-----------------|-------|
|        | Members                        | Inc & Pd<br>Claims | Compl<br>Factor | Est Inc<br>Claims | Est Inc<br>pmpm |       |
| Sep-10 | 3,267                          | 836,364            | 1.000           | 836,364           | 256.00          |       |
| Oct-10 | 3,267                          | 763,715            | 1.000           | 763,715           | 233.77          |       |
| Nov-10 | 3,242                          | 746,822            | 1.000           | 746,822           | 230.36          |       |
| Dec-10 | 3,234                          | 717,847            | 1.000           | 717,847           | 221.97          |       |
| Jan-11 | 3,256                          | 772,627            | 1.000           | 772,627           | 237.29          |       |
| Feb-11 | 3,286                          | 732,959            | 1.000           | 732,959           | 223.06          |       |
| Mar-11 | 3,278                          | 832,262            | 1.000           | 832,262           | 253.89          |       |
| Apr-11 | 3,248                          | 838,256            | 1.000           | 838,256           | 258.08          |       |
| May-11 | 3,228                          | 856,811            | 1.000           | 856,811           | 265.43          |       |
| Jun-11 | 3,233                          | 838,399            | 1.000           | 838,399           | 259.33          |       |
| Jul-11 | 3,213                          | 831,014            | 1.000           | 831,014           | 258.64          |       |
| Aug-11 | 3,229                          | 891,704            | 1.000           | 891,704           | 276.15          |       |
| Sep-11 | 3,301                          | 828,058            | 1.000           | 828,058           | 250.85          | 0.980 |
| Oct-11 | 3,312                          | 817,385            | 1.000           | 817,385           | 246.80          | 1.056 |
| Nov-11 | 3,361                          | 863,123            | 1.000           | 863,123           | 256.81          | 1.115 |
| Dec-11 | 3,380                          | 799,169            | 1.000           | 799,169           | 236.44          | 1.065 |
| Jan-12 | 3,389                          | 892,866            | 1.000           | 892,866           | 263.46          | 1.110 |
| Feb-12 | 3,351                          | 857,317            | 1.000           | 857,317           | 255.84          | 1.147 |
| Mar-12 | 3,413                          | 933,143            | 1.000           | 933,143           | 273.41          | 1.077 |
| Apr-12 | 3,463                          | 933,912            | 1.000           | 933,912           | 269.68          | 1.045 |
| May-12 | 3,440                          | 968,876            | 1.000           | 968,876           | 281.65          | 1.061 |
| Jun-12 | 3,481                          | 1,021,131          | 1.000           | 1,021,131         | 293.34          | 1.131 |
| Jul-12 | 3,519                          | 991,046            | 1.000           | 991,046           | 281.63          | 1.089 |
| Aug-12 | 3,508                          | 990,996            | 1.000           | 990,996           | 282.50          | 1.023 |
| Sep-12 | 3,620                          | 944,241            | 1.000           | 944,241           | 260.84          | 1.040 |
| Oct-12 | 3,716                          | 1,071,279          | 1.000           | 1,071,279         | 288.29          | 1.168 |
| Nov-12 | 3,754                          | 954,436            | 1.000           | 954,436           | 254.24          | 0.990 |
| Dec-12 | 3,764                          | 958,474            | 1.000           | 958,474           | 254.64          | 1.077 |
| Jan-13 | 3,741                          | 1,009,311          | 1.000           | 1,009,770         | 269.92          | 1.025 |
| Feb-13 | 3,753                          | 976,156            | 0.999           | 976,910           | 260.30          | 1.017 |
| Mar-13 | 3,760                          | 1,040,114          | 0.999           | 1,040,952         | 276.85          | 1.013 |
| Apr-13 | 3,791                          | 1,039,400          | 0.999           | 1,040,722         | 274.52          | 1.018 |
| May-13 | 3,828                          | 1,089,283          | 0.998           | 1,091,270         | 285.08          | 1.012 |
| Jun-13 | 3,844                          | 991,763            | 0.997           | 994,875           | 258.81          | 0.882 |
| Jul-13 | 3,867                          | 1,106,995          | 0.997           | 1,110,561         | 287.19          | 1.020 |
| Aug-13 | 3,862                          | 1,026,317          | 0.997           | 1,029,598         | 266.60          | 0.944 |
| FY2011 | 38,981                         | 9,658,781          |                 | 9,658,781         | 247.78          |       |
| FY2012 | 40,918                         | 10,897,024         |                 | 10,897,024        | 266.31          | 1.075 |
| FY2013 | 45,300                         | 12,207,769         |                 | 12,223,087        | 269.83          | 1.013 |

Sample HMO  
Experienced Based Renewal Rating

|                                     | Medicaid Only - OCC |        | Medicaid Only - HCBS |          |
|-------------------------------------|---------------------|--------|----------------------|----------|
|                                     | Amount              | pmpm   | Amount               | pmpm     |
| FY2013 Experience Period            |                     |        |                      |          |
| Member Months                       | 45,300              |        | 1,796                |          |
| Premium Revenue                     | 26,436,174          | 583.58 | 4,753,240            | 2,646.57 |
| Adjusted Premium (at current rates) | 26,706,615          | 589.55 | 4,782,389            | 2,662.80 |
| Estimated FY2013 Incurred Claims    |                     |        |                      |          |
| Acute Care                          | 12,223,087          | 269.83 | 1,375,199            | 765.70   |
| Long Term Care                      | 5,708,277           | 126.01 | 2,742,807            | 1,527.18 |
| Total                               | 17,931,364          | 395.84 | 4,118,006            | 2,292.88 |
| Projected FY2015 Member Months      | 49,134              |        | 2,031                |          |
| Projected FY2015 Premium            |                     |        |                      |          |
| At Current Rates                    | 28,967,235          | 589.55 | 5,407,078            | 2,662.80 |
| Annual Cost Trend Assumptions       |                     |        |                      |          |
| Acute Care                          |                     |        |                      |          |
| FY2014                              | 2.9 %               |        | 1.6 %                |          |
| FY2015                              | 2.6 %               |        | 0.9 %                |          |
| Long Term Care                      |                     |        |                      |          |
| FY2014                              | 9.8 %               |        | 1.2 %                |          |
| FY2015                              | 11.3 %              |        | 3.3 %                |          |
| Provider Reimbursement Adjustment   |                     |        |                      |          |
| Acute Care                          |                     | 1.0092 |                      | 0.9947   |
| Long Term Care                      |                     | 1.0257 |                      | 0.9822   |
| Other Reimbursement Adjustment      |                     |        |                      |          |
|                                     |                     | 1.0000 |                      | 1.0000   |
| Out of Network Adjustment           |                     |        |                      |          |
|                                     |                     | 1.0000 |                      | 1.0000   |
| Projected Incurred Claims           |                     |        |                      |          |
| Acute Care                          | 14,125,671          | 287.49 | 1,585,478            | 780.79   |
| LTC                                 | 7,760,882           | 157.95 | 3,184,151            | 1,568.09 |
| Total                               | 21,886,553          | 445.44 | 4,769,629            | 2,348.88 |
| Capitation Expenses                 |                     |        |                      |          |
| Vision                              | 110,553             | 2.25   | 4,569                | 2.25     |
| Behavioral Health                   | 36,851              | 0.75   | 1,523                | 0.75     |
| Radiology                           | 0                   | 0.00   | 0                    | 0.00     |
| Other - Settlements                 | 0                   | 0.00   | 0                    | 0.00     |
| Total                               | 147,403             | 3.00   | 6,092                | 3.00     |

Sample HMO  
Experienced Based Renewal Rating

|                                    | Medicaid Only - OCC |        | Medicaid Only - HCBS |          |
|------------------------------------|---------------------|--------|----------------------|----------|
|                                    | Amount              | pmpm   | Amount               | pmpm     |
| <b>Other Expenses</b>              |                     |        |                      |          |
| Service Coordination               | 503,628             | 10.25  | 20,814               | 10.25    |
| Service Coordination - Enhancement | 0                   | 0.00   | 0                    | 0.00     |
| Other                              | 36,851              | 0.75   | 37,058               | 18.25    |
| Total                              | 540,479             | 11.00  | 57,872               | 28.50    |
| <b>Reinsurance Expenses</b>        |                     |        |                      |          |
| Gross Premium                      | 11,301              | 0.23   | 467                  | 0.23     |
| Projected Reinsurance Recoveries   | 11,301              | 0.23   | 467                  | 0.23     |
| Net Reinsurance Cost               | 0                   | 0.00   | 0                    | 0.00     |
| <b>Administrative Expenses</b>     |                     |        |                      |          |
| Fixed Amount                       | 700,166             | 14.25  | 28,936               | 14.25    |
| Percentage of Premium              | 1,478,976           | 5.75%  | 308,954              | 5.75%    |
| Total                              | 2,179,142           |        | 337,890              |          |
| Risk Margin                        | 514,426             | 2.0%   | 107,462              | 2.0%     |
| Premium Tax                        | 450,123             | 1.75%  | 94,029               | 1.75%    |
| Maintenance Tax                    | 3,194               | 0.07   | 132                  | 0.07     |
| <b>Projected Total Cost</b>        |                     |        |                      |          |
| Acute Care                         | 16,272,957          | 331.19 | 1,769,318            | 871.33   |
| LTC                                | 9,448,365           | 192.30 | 3,603,789            | 1,774.74 |
| Total                              | 25,721,322          | 523.49 | 5,373,106            | 2,646.07 |



### *Attachment 3*

#### Community Experience Analysis – Non-inpatient Acute Care and Long Term Care

The following exhibits present a summary of the non-inpatient acute care and long term care experience analysis performed for each managed care service area. HHSC utilizes an adjusted community rating methodology in setting the STAR+PLUS premium rates. The base community rates by risk group vary by service area but are the same for each HMO in a service area. The community rates are developed by a weighted average of the projected FY2015 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2015 clients enrolled in each health plan.

Below is a brief description of the exhibits contained in this attachment. The exhibits present the derivation of the FY2015 STAR+PLUS HMO community rates for the following service areas:

- Exhibit A – Bexar Service Area
- Exhibit B – Dallas Services Area
- Exhibit C – El Paso Services Area
- Exhibit D – Harris Service Area
- Exhibit E – Hidalgo Service Area
- Exhibit F – Jefferson Service Area
- Exhibit G – Lubbock Service Area
- Exhibit H – Nueces Service Area
- Exhibit I – Tarrant Service Area
- Exhibit J – Travis Service Area

A description of the rating methodology used for the MRSA Central, MRSA Northeast, MRSA West and IDD populations can be found in Attachments 11 and 12.

These exhibits show projected FY2015 experience for each of the service areas. These amounts were derived by summing amounts from each individual health plan in the service area. The experience analysis for individual HMOs is described in Attachment 2. The top portion of the exhibit shows summary base period (FY2013) experience and projected FY2015 enrollment, premium and incurred claims experience.

In addition to incurred claims, provision is also made for services that are capitated by the HMOs, such as vision and behavioral health services. Other expenses such as those related to the coordination of care are included.

A provision for administrative expenses is included in the amount of \$14.25 pmpm and 5.75% of gross premium. Additional provisions are also included for premium tax (1.75% of premium), maintenance tax (\$0.065 pmpm) and risk margin (2.0% of premium).

The bottom of the exhibit shows a summary of the projected FY2015 cost based on these assumptions. Cost projections are presented separately for acute care and long term care services.

FY2015 STAR+Plus Rating Summary  
Bexar SDA Total

|   | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|---|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|   | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|   | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| FY2013 Experience Period                |   |        |                      |          |                     |        |                      |          |             |        |
| Member Months                           | 262,853                                       |        | 15,362               |          | 262,879             |        | 38,706               |          | 579,800     |        |
| Premium Revenue                         | 159,152,764                                   | 605.48 | 41,920,887           | 2,728.87 | 79,102,920          | 300.91 | 67,167,683           | 1,735.33 | 347,344,254 | 599.08 |
| Adjusted Premium (at current rates)     | 158,966,106                                   | 604.77 | 41,022,127           | 2,670.36 | 87,475,616          | 332.76 | 66,280,541           | 1,712.41 | 353,744,390 | 610.11 |
| Estimated FY2013 Incurred Claims        |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 85,755,891                                    | 326.25 | 13,839,506           | 900.89   | 0                   | 0.00   | 0                    | 0.00     | 99,595,396  | 171.78 |
| Long Term Care                          | 38,664,980                                    | 147.10 | 22,327,136           | 1,453.40 | 63,869,134          | 242.96 | 58,586,062           | 1,513.62 | 183,447,313 | 316.40 |
| Total                                   | 124,420,871                                   | 473.35 | 36,166,642           | 2,354.29 | 63,869,134          | 242.96 | 58,586,062           | 1,513.62 | 283,042,709 | 488.17 |
| Projected FY2015 Member Months          | 280,011                                       |        | 16,405               |          | 273,567             |        | 40,013               |          | 609,997     |        |
| Projected FY2015 Premium                |   |        |                      |          |                     |        |                      |          |             |        |
| At Current Rates                        | 169,453,308                                   | 605.17 | 43,807,161           | 2,670.30 | 91,032,152          | 332.76 | 68,519,386           | 1,712.41 | 372,812,007 | 611.17 |
| Annual Cost Trend Assumptions           |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 2.9 %   |        | 1.6 %                |          | 2.9 %               |        | 1.6 %                |          |             |        |
| FY2015                                  | 2.6 %   |        | 0.9 %                |          | 2.6 %               |        | 0.9 %                |          |             |        |
| Long Term Care                          |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 9.8 %   |        | 1.2 %                |          | 5.1 %               |        | 0.0 %                |          |             |        |
| FY2015                                  | 11.3 %  |        | 3.3 %                |          | 6.3 %               |        | 1.2 %                |          |             |        |
| Provider Reimbursement Adjustment       |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 1.0092  |        | 0.9947               |          | 1.0000              |        | 1.0000               |          |             |        |
| Long Term Care                          | 1.0257  |        | 0.9822               |          | 1.0238              |        | 0.9800               |          |             |        |
| Other Reimbursement Adjustment          | 1.0000  |        | 1.0000               |          | 1.0000              |        | 1.0000               |          |             |        |
| Projected Incurred Claims               |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 97,334,430                                    | 347.61 | 15,070,747           | 918.65   | 0                   | 0.00   | 0                    | 0.00     | 112,405,178 | 184.27 |
| LTC                                     | 51,629,534                                    | 184.38 | 24,482,232           | 1,492.33 | 76,023,862          | 277.90 | 60,065,945           | 1,501.14 | 212,201,574 | 347.87 |
| Total                                   | 148,963,964                                   | 531.99 | 39,552,980           | 2,410.98 | 76,023,862          | 277.90 | 60,065,945           | 1,501.14 | 324,606,751 | 532.14 |
| Capitation Expenses & Refunds           | 2,017,959                                     | 7.21   | 131,186              | 8.00     | 21,645              | 0.08   | 18,298               | 0.46     | 2,189,088   | 3.59   |
| Service Coordination and Other Expenses | 3,428,858                                     | 12.25  | 255,081              | 15.55    | 3,362,688           | 12.29  | 572,500              | 14.31    | 7,619,127   | 12.49  |

FY2015 STAR+Plus Rating Summary  
Bexar SDA Total

|                          | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|--------------------------|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|                          | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|                          | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| Net Reinsurance Cost     | 0   | 0.00   | 0                    | 0.00     | 0                   | 0.00   | 0                    | 0.00     | 0           | 0.00   |
| Administrative Expenses  |   |        |                      |          |                     |        |                      |          |             |        |
| Fixed Amount             | 3,990,160                                     | 14.25  | 233,776              | 14.25    | 3,898,330           | 14.25  | 570,191              | 14.25    | 8,692,457   | 14.25  |
| Percentage of Premium    | 10,065,305                                    | 5.75%  | 2,552,497            | 5.75%    | 5,294,086           | 5.75%  | 3,890,274            | 5.75%    | 21,802,162  | 5.75%  |
| Total                    | 14,055,465                                    | 50.20  | 2,786,273            | 169.84   | 9,192,415           | 33.60  | 4,460,466            | 111.47   | 30,494,619  | 49.99  |
| Risk Margin              | 3,500,976                                     | 2.00%  | 887,825              | 2.00%    | 1,841,421           | 2.00%  | 1,353,139            | 2.00%    | 7,583,361   | 2.00%  |
| Premium Tax              | 3,063,354                                     | 1.75%  | 776,847              | 1.75%    | 1,611,244           | 1.75%  | 1,183,997            | 1.75%    | 6,635,441   | 1.75%  |
| Maintenance Tax          | 18,201  | 0.07   | 1,066                | 0.07     | 17,782              | 0.07   | 2,601                | 0.07     | 39,650      | 0.07   |
| Projected Total Cost     |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care               | 112,675,679                                   | 402.40 | 16,896,590           | 1,029.95 | 23,917              | 0.09   | 20,219               | 0.51     | 129,616,406 | 212.49 |
| LTC                      | 62,373,097                                    | 222.75 | 27,494,668           | 1,675.96 | 92,047,140          | 336.47 | 67,636,726           | 1,690.35 | 249,551,631 | 409.10 |
| Total                    | 175,048,777                                   | 625.15 | 44,391,258           | 2,705.90 | 92,071,058          | 336.56 | 67,656,944           | 1,690.86 | 379,168,037 | 621.59 |
| Experience Rate Increase |   | 3.3 %  |                      | 1.3 %    |                     | 1.1 %  |                      | -1.3 %   |             | 1.7 %  |

FY2015 STAR+Plus Rating Summary  
Dallas SDA Total

|   | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|---|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|   | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|   | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| FY2013 Experience Period                |   |        |                      |          |                     |        |                      |          |             |        |
| Member Months                           | 330,985                                       |        | 13,037               |          | 297,924             |        | 41,203               |          | 683,149     |        |
| Premium Revenue                         | 167,504,889                                   | 506.08 | 37,130,940           | 2,848.12 | 67,327,845          | 225.99 | 66,547,789           | 1,615.12 | 338,511,463 | 495.52 |
| Adjusted Premium (at current rates)     | 169,008,936                                   | 510.62 | 34,056,050           | 2,612.26 | 75,818,679          | 254.49 | 62,677,592           | 1,521.19 | 341,561,256 | 499.98 |
| Estimated FY2013 Incurred Claims        |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 92,415,795                                    | 279.21 | 12,192,068           | 935.19   | 0                   | 0.00   | 0                    | 0.00     | 104,607,863 | 153.13 |
| Long Term Care                          | 35,231,793                                    | 106.45 | 17,411,044           | 1,335.51 | 57,714,249          | 193.72 | 53,345,602           | 1,294.70 | 163,702,687 | 239.63 |
| Total                                   | 127,647,588                                   | 385.66 | 29,603,111           | 2,270.70 | 57,714,249          | 193.72 | 53,345,602           | 1,294.70 | 268,310,550 | 392.76 |
| Projected FY2015 Member Months          | 357,155                                       |        | 13,654               |          | 309,989             |        | 44,458               |          | 725,255     |        |
| Projected FY2015 Premium                |   |        |                      |          |                     |        |                      |          |             |        |
| At Current Rates                        | 182,474,450                                   | 510.91 | 35,657,714           | 2,611.59 | 78,889,159          | 254.49 | 67,628,858           | 1,521.19 | 364,650,181 | 502.79 |
| Annual Cost Trend Assumptions           |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 2.9 %   |        | 1.6 %                |          | 2.9 %               |        | 1.6 %                |          |             |        |
| FY2015                                  | 2.6 %   |        | 0.9 %                |          | 2.6 %               |        | 0.9 %                |          |             |        |
| Long Term Care                          |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 9.8 %   |        | 1.2 %                |          | 5.1 %               |        | 0.0 %                |          |             |        |
| FY2015                                  | 11.3 %  |        | 3.3 %                |          | 6.3 %               |        | 1.2 %                |          |             |        |
| Provider Reimbursement Adjustment       |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 0.9718  |        | 0.9862               |          | 1.0000              |        | 1.0000               |          |             |        |
| Long Term Care                          | 1.0233  |        | 0.9813               |          | 1.0235              |        | 0.9791               |          |             |        |
| Other Reimbursement Adjustment          | 1.0000  |        | 1.0000               |          | 1.0000              |        | 1.0000               |          |             |        |
| Projected Incurred Claims               |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 102,313,704                                   | 286.47 | 12,909,165           | 945.47   | 0                   | 0.00   | 0                    | 0.00     | 115,222,869 | 158.87 |
| LTC                                     | 47,542,629                                    | 133.11 | 18,705,889           | 1,370.03 | 68,666,986          | 221.51 | 57,032,963           | 1,282.85 | 191,948,468 | 264.66 |
| Total                                   | 149,856,334                                   | 419.58 | 31,615,053           | 2,315.50 | 68,666,986          | 221.51 | 57,032,963           | 1,282.85 | 307,171,337 | 423.54 |
| Capitation Expenses & Refunds           | 1,910,205                                     | 5.35   | 98,050               | 7.18     | 75,314              | 0.24   | 90,044               | 2.03     | 2,173,612   | 3.00   |
| Service Coordination and Other Expenses | 4,392,169                                     | 12.30  | 267,556              | 19.60    | 3,699,517           | 11.93  | 708,737              | 15.94    | 9,067,979   | 12.50  |

FY2015 STAR+Plus Rating Summary  
Dallas SDA Total

|                          | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|--------------------------|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|                          | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|                          | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| Net Reinsurance Cost     | 0   | 0.00   | 0                    | 0.00     | 0                   | 0.00   | 0                    | 0.00     | 0           | 0.00   |
| Administrative Expenses  |   |        |                      |          |                     |        |                      |          |             |        |
| Fixed Amount             | 5,089,453                                     | 14.25  | 194,564              | 14.25    | 4,417,346           | 14.25  | 633,525              | 14.25    | 10,334,889  | 14.25  |
| Percentage of Premium    | 10,246,524                                    | 5.75%  | 2,044,339            | 5.75%    | 4,884,597           | 5.75%  | 3,714,828            | 5.75%    | 20,890,287  | 5.75%  |
| Total                    | 15,335,977                                    | 42.94  | 2,238,903            | 163.98   | 9,301,944           | 30.01  | 4,348,352            | 97.81    | 31,225,176  | 43.05  |
| Risk Margin              | 3,564,008                                     | 2.00%  | 711,074              | 2.00%    | 1,698,990           | 2.00%  | 1,292,114            | 2.00%    | 7,266,187   | 2.00%  |
| Premium Tax              | 3,118,507                                     | 1.75%  | 622,190              | 1.75%    | 1,486,617           | 1.75%  | 1,130,600            | 1.75%    | 6,357,914   | 1.75%  |
| Maintenance Tax          | 23,215  | 0.07   | 887                  | 0.07     | 20,149              | 0.07   | 2,890                | 0.07     | 47,142      | 0.07   |
| Projected Total Cost     |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care               | 119,021,612                                   | 333.25 | 14,460,798           | 1,059.12 | 83,220              | 0.27   | 99,496               | 2.24     | 133,665,126 | 184.30 |
| LTC                      | 59,178,803                                    | 165.70 | 21,092,916           | 1,544.86 | 84,866,298          | 273.77 | 64,506,204           | 1,450.95 | 229,644,220 | 316.64 |
| Total                    | 178,200,415                                   | 498.94 | 35,553,714           | 2,603.97 | 84,949,517          | 274.04 | 64,605,699           | 1,453.19 | 363,309,346 | 500.94 |
| Experience Rate Increase |   | -2.3 % |                      | -0.3 %   |                     | 7.7 %  |                      | -4.5 %   |             | -0.4 % |

FY2015 STAR+Plus Rating Summary  
El Paso SDA Total

|   | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|---|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|   | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|   | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| FY2013 Experience Period                |   |        |                      |          |                     |        |                      |          |             |        |
| Member Months                           | 83,227  |        | 2,330                |          | 195,729             |        | 9,174                |          | 290,460     |        |
| Premium Revenue                         | 41,976,370                                    | 504.36 | 6,890,486            | 2,957.29 | 39,028,363          | 199.40 | 11,853,725           | 1,292.10 | 99,748,943  | 343.42 |
| Adjusted Premium (at current rates)     | 45,841,835                                    | 550.80 | 6,935,023            | 2,976.40 | 73,306,382          | 374.53 | 18,869,358           | 2,056.83 | 144,952,598 | 499.04 |
| Estimated FY2013 Incurred Claims        |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 26,646,235                                    | 320.16 | 2,546,213            | 1,092.80 | 0                   | 0.00   | 0                    | 0.00     | 29,192,448  | 100.50 |
| Long Term Care                          | 12,287,919                                    | 147.64 | 3,707,794            | 1,591.33 | 58,463,252          | 298.69 | 15,355,849           | 1,673.84 | 89,814,814  | 309.22 |
| Total                                   | 38,934,155                                    | 467.81 | 6,254,007            | 2,684.12 | 58,463,252          | 298.69 | 15,355,849           | 1,673.84 | 119,007,262 | 409.72 |
| Projected FY2015 Member Months          | 88,969  |        | 3,636                |          | 201,856             |        | 11,680               |          | 306,142     |        |
| Projected FY2015 Premium                |   |        |                      |          |                     |        |                      |          |             |        |
| At Current Rates                        | 48,938,737                                    | 550.06 | 10,835,317           | 2,979.72 | 75,601,266          | 374.53 | 24,023,305           | 2,056.83 | 159,398,624 | 520.67 |
| Annual Cost Trend Assumptions           |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 2.9 %   |        | 1.6 %                |          | 2.9 %               |        | 1.6 %                |          |             |        |
| FY2015                                  | 2.6 %   |        | 0.9 %                |          | 2.6 %               |        | 0.9 %                |          |             |        |
| Long Term Care                          |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 9.8 %   |        | 1.2 %                |          | 5.1 %               |        | 0.0 %                |          |             |        |
| FY2015                                  | 11.3 %  |        | 3.3 %                |          | 6.3 %               |        | 1.2 %                |          |             |        |
| Provider Reimbursement Adjustment       |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 1.0529  |        | 1.0040               |          | 1.0000              |        | 1.0000               |          |             |        |
| Long Term Care                          | 1.0233  |        | 0.9767               |          | 1.0235              |        | 0.9781               |          |             |        |
| Other Reimbursement Adjustment          | 1.0000  |        | 1.0000               |          | 1.0000              |        | 1.0000               |          |             |        |
| Projected Incurred Claims               |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 31,663,762                                    | 355.89 | 4,090,002            | 1,124.75 | 0                   | 0.00   | 0                    | 0.00     | 35,753,764  | 116.79 |
| LTC                                     | 16,426,900                                    | 184.64 | 5,908,373            | 1,624.81 | 68,943,618          | 341.55 | 19,351,437           | 1,656.83 | 110,630,327 | 361.37 |
| Total                                   | 48,090,662                                    | 540.53 | 9,998,375            | 2,749.56 | 68,943,618          | 341.55 | 19,351,437           | 1,656.83 | 146,384,092 | 478.16 |
| Capitation Expenses & Refunds           | 171,840                                       | 1.93   | 31,939               | 8.78     | 93,674              | 0.46   | 32,354               | 2.77     | 329,808     | 1.08   |
| Service Coordination and Other Expenses | 899,809                                       | 10.11  | 62,128               | 17.09    | 2,165,173           | 10.73  | 177,354              | 15.18    | 3,304,464   | 10.79  |

FY2015 STAR+Plus Rating Summary  
El Paso SDA Total

|                          | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|--------------------------|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|                          | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|                          | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| Net Reinsurance Cost     | 0   | 0.00   | 0                    | 0.00     | 0                   | 0.00   | 0                    | 0.00     | 0           | 0.00   |
| Administrative Expenses  |   |        |                      |          |                     |        |                      |          |             |        |
| Fixed Amount             | 1,267,815                                     | 14.25  | 51,818               | 14.25    | 2,876,453           | 14.25  | 166,437              | 14.25    | 4,362,523   | 14.25  |
| Percentage of Premium    | 3,204,491                                     | 5.75%  | 644,540              | 5.75%    | 4,707,505           | 5.75%  | 1,253,458            | 5.75%    | 9,809,995   | 5.75%  |
| Total                    | 4,472,306                                     | 50.27  | 696,358              | 191.50   | 7,583,959           | 37.57  | 1,419,895            | 121.57   | 14,172,518  | 46.29  |
| Risk Margin              | 1,114,606                                     | 2.00%  | 224,188              | 2.00%    | 1,637,393           | 2.00%  | 435,985              | 2.00%    | 3,412,172   | 2.00%  |
| Premium Tax              | 975,280                                       | 1.75%  | 196,164              | 1.75%    | 1,432,719           | 1.75%  | 381,487              | 1.75%    | 2,985,651   | 1.75%  |
| Maintenance Tax          | 5,783   | 0.07   | 236                  | 0.07     | 13,121              | 0.07   | 759                  | 0.07     | 19,899      | 0.07   |
| Projected Total Cost     |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care               | 36,104,046                                    | 405.80 | 4,578,161            | 1,259.00 | 103,507             | 0.51   | 35,751               | 3.06     | 40,821,465  | 133.34 |
| LTC                      | 19,626,240                                    | 220.60 | 6,631,228            | 1,823.59 | 81,766,149          | 405.07 | 21,763,521           | 1,863.35 | 129,787,138 | 423.94 |
| Total                    | 55,730,286                                    | 626.40 | 11,209,388           | 3,082.59 | 81,869,657          | 405.58 | 21,799,271           | 1,866.41 | 170,608,603 | 557.29 |
| Experience Rate Increase |   | 13.9 % |                      | 3.5 %    |                     | 8.3 %  |                      | -9.3 %   |             | 7.0 %  |

FY2015 STAR+Plus Rating Summary  
Harris SDA Total

|   | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|---|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|   | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|   | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| FY2013 Experience Period                |   |        |                      |          |                     |        |                      |          |             |        |
| Member Months                           | 560,421                                       |        | 26,144               |          | 561,665             |        | 56,057               |          | 1,204,287   |        |
| Premium Revenue                         | 376,676,229                                   | 672.13 | 77,052,865           | 2,947.25 | 151,256,385         | 269.30 | 83,989,643           | 1,498.29 | 688,975,121 | 572.10 |
| Adjusted Premium (at current rates)     | 377,029,497                                   | 672.76 | 74,894,118           | 2,864.68 | 175,952,795         | 313.27 | 85,053,604           | 1,517.27 | 712,930,015 | 591.99 |
| Estimated FY2013 Incurred Claims        |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 205,165,701                                   | 366.09 | 27,953,368           | 1,069.21 | 0                   | 0.00   | 0                    | 0.00     | 233,119,069 | 193.57 |
| Long Term Care                          | 80,129,070                                    | 142.98 | 38,709,581           | 1,480.63 | 119,250,188         | 212.32 | 77,535,165           | 1,383.15 | 315,624,005 | 262.08 |
| Total                                   | 285,294,771                                   | 509.07 | 66,662,949           | 2,549.84 | 119,250,188         | 212.32 | 77,535,165           | 1,383.15 | 548,743,073 | 455.66 |
| Projected FY2015 Member Months          | 593,431                                       |        | 29,037               |          | 586,308             |        | 59,438               |          | 1,268,214   |        |
| Projected FY2015 Premium                |   |        |                      |          |                     |        |                      |          |             |        |
| At Current Rates                        | 400,032,370                                   | 674.10 | 83,259,540           | 2,867.34 | 183,672,698         | 313.27 | 90,182,975           | 1,517.27 | 757,147,584 | 597.02 |
| Annual Cost Trend Assumptions           |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 2.9 %   |        | 1.6 %                |          | 2.9 %               |        | 1.6 %                |          |             |        |
| FY2015                                  | 2.6 %   |        | 0.9 %                |          | 2.6 %               |        | 0.9 %                |          |             |        |
| Long Term Care                          |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 9.8 %   |        | 1.2 %                |          | 5.1 %               |        | 0.0 %                |          |             |        |
| FY2015                                  | 11.3 %  |        | 3.3 %                |          | 6.3 %               |        | 1.2 %                |          |             |        |
| Provider Reimbursement Adjustment       |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 1.0053  |        | 0.9975               |          | 1.0000              |        | 1.0000               |          |             |        |
| Long Term Care                          | 1.0228  |        | 0.9825               |          | 1.0236              |        | 0.9789               |          |             |        |
| Other Reimbursement Adjustment          | 1.0000  |        | 1.0000               |          | 1.0000              |        | 1.0000               |          |             |        |
| Projected Incurred Claims               |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 230,578,516                                   | 388.55 | 31,747,874           | 1,093.35 | 0                   | 0.00   | 0                    | 0.00     | 262,326,390 | 206.85 |
| LTC                                     | 106,055,694                                   | 178.72 | 44,158,529           | 1,520.76 | 142,355,342         | 242.80 | 81,442,180           | 1,370.21 | 374,011,745 | 294.91 |
| Total                                   | 336,634,210                                   | 567.27 | 75,906,404           | 2,614.11 | 142,355,342         | 242.80 | 81,442,180           | 1,370.21 | 636,338,135 | 501.76 |
| Capitation Expenses & Refunds           | 1,275,144                                     | 2.15   | 92,611               | 3.19     | -345,481            | -0.59  | -49,568              | -0.83    | 972,706     | 0.77   |
| Service Coordination and Other Expenses | 9,866,158                                     | 16.63  | 1,330,689            | 45.83    | 10,297,814          | 17.56  | 2,778,421            | 46.75    | 24,273,083  | 19.14  |



FY2015 STAR+Plus Rating Summary  
Harris SDA Total

|                          | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|--------------------------|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|                          | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|                          | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| Net Reinsurance Cost     | 0   | 0.00   | 0                    | 0.00     | 0                   | 0.00   | 0                    | 0.00     | 0           | 0.00   |
| Administrative Expenses  |   |        |                      |          |                     |        |                      |          |             |        |
| Fixed Amount             | 8,456,389                                     | 14.25  | 413,780              | 14.25    | 8,354,889           | 14.25  | 846,987              | 14.25    | 18,072,044  | 14.25  |
| Percentage of Premium    | 22,635,969                                    | 5.75%  | 4,939,623            | 5.75%    | 10,210,264          | 5.75%  | 5,401,943            | 5.75%    | 43,187,799  | 5.75%  |
| Total                    | 31,092,358                                    | 52.39  | 5,353,403            | 184.36   | 18,565,152          | 31.66  | 6,248,929            | 105.13   | 61,259,843  | 48.30  |
| Risk Margin              | 7,873,381                                     | 2.00%  | 1,718,130            | 2.00%    | 3,551,396           | 2.00%  | 1,878,937            | 2.00%    | 15,021,843  | 2.00%  |
| Premium Tax              | 6,889,208                                     | 1.75%  | 1,503,364            | 1.75%    | 3,107,472           | 1.75%  | 1,644,070            | 1.75%    | 13,144,113  | 1.75%  |
| Maintenance Tax          | 38,573  | 0.07   | 1,887                | 0.07     | 38,110              | 0.07   | 3,863                | 0.07     | 82,434      | 0.07   |
| Projected Total Cost     |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care               | 262,621,333                                   | 442.55 | 35,374,960           | 1,218.26 | -381,747            | -0.65  | -54,771              | -0.92    | 297,559,775 | 234.63 |
| LTC                      | 131,047,698                                   | 220.83 | 50,531,528           | 1,740.23 | 177,951,552         | 303.51 | 94,001,603           | 1,581.52 | 453,532,382 | 357.62 |
| Total                    | 393,669,031                                   | 663.38 | 85,906,488           | 2,958.50 | 177,569,805         | 302.86 | 93,946,832           | 1,580.59 | 751,092,157 | 592.24 |
| Experience Rate Increase |   | -1.6 % |                      | 3.2 %    |                     | -3.3 % |                      | 4.2 %    |             | -0.8 % |

FY2015 STAR+Plus Rating Summary  
Hidalgo SDA Total

|   | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |          |
|---|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|----------|
|   | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |          |
|   | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm     |
| FY2013 Experience Period                |   |        |                      |          |                     |        |                      |          |             |          |
| Member Months                           | 264,834                                       |        | 13,176               |          | 517,374             |        | 92,450               |          | 887,834     |          |
| Premium Revenue                         | 185,105,724                                   | 698.95 | 62,503,782           | 4,743.76 | 312,250,730         | 603.53 | 361,559,932          | 3,910.87 | 921,420,168 | 1,037.83 |
| Adjusted Premium (at current rates)     | 254,442,860                                   | 960.76 | 36,236,393           | 2,750.18 | 461,068,188         | 891.17 | 183,846,070          | 1,988.60 | 935,593,510 | 1,053.79 |
| Estimated FY2013 Incurred Claims        |   |        |                      |          |                     |        |                      |          |             |          |
| Acute Care                              | 82,415,971                                    | 311.20 | 9,769,733            | 741.48   | 0                   | 0.00   | 0                    | 0.00     | 92,185,703  | 103.83   |
| Long Term Care                          | 104,444,941                                   | 394.38 | 22,506,505           | 1,708.14 | 364,603,912         | 704.72 | 156,968,561          | 1,697.88 | 648,523,918 | 730.46   |
| Total                                   | 186,860,912                                   | 705.58 | 32,276,237           | 2,449.62 | 364,603,912         | 704.72 | 156,968,561          | 1,697.88 | 740,709,622 | 834.29   |
| Projected FY2015 Member Months          | 276,411                                       |        | 15,460               |          | 533,526             |        | 100,317              |          | 925,714     |          |
| Projected FY2015 Premium                |   |        |                      |          |                     |        |                      |          |             |          |
| At Current Rates                        | 265,596,403                                   | 960.88 | 42,495,886           | 2,748.74 | 475,462,476         | 891.17 | 199,489,961          | 1,988.60 | 983,044,726 | 1,061.93 |
| Annual Cost Trend Assumptions           |   |        |                      |          |                     |        |                      |          |             |          |
| Acute Care                              |   |        |                      |          |                     |        |                      |          |             |          |
| FY2014                                  | 2.9 %   |        | 1.6 %                |          | 2.9 %               |        | 1.6 %                |          |             |          |
| FY2015                                  | 2.6 %   |        | 0.9 %                |          | 2.6 %               |        | 0.9 %                |          |             |          |
| Long Term Care                          |   |        |                      |          |                     |        |                      |          |             |          |
| FY2014                                  | 9.8 %   |        | 1.2 %                |          | 5.1 %               |        | 0.0 %                |          |             |          |
| FY2015                                  | 11.3 %  |        | 3.3 %                |          | 6.3 %               |        | 1.2 %                |          |             |          |
| Provider Reimbursement Adjustment       |   |        |                      |          |                     |        |                      |          |             |          |
| Acute Care                              | 1.0277  |        | 0.9975               |          | 1.0000              |        | 1.0000               |          |             |          |
| Long Term Care                          | 1.0243  |        | 0.9800               |          | 1.0235              |        | 0.9784               |          |             |          |
| Other Reimbursement Adjustment          | 1.0000  |        | 1.0000               |          | 1.0000              |        | 1.0000               |          |             |          |
| Projected Incurred Claims               |   |        |                      |          |                     |        |                      |          |             |          |
| Acute Care                              | 93,330,062                                    | 337.65 | 11,722,226           | 758.22   | 0                   | 0.00   | 0                    | 0.00     | 105,052,287 | 113.48   |
| LTC                                     | 136,456,167                                   | 493.67 | 27,054,816           | 1,749.97 | 429,928,506         | 805.82 | 168,646,110          | 1,681.14 | 762,085,599 | 823.24   |
| Total                                   | 229,786,229                                   | 831.32 | 38,777,042           | 2,508.20 | 429,928,506         | 805.82 | 168,646,110          | 1,681.14 | 867,137,886 | 936.72   |
| Capitation Expenses & Refunds           | 1,459,406                                     | 5.28   | 94,244               | 6.10     | 112,526             | 0.21   | 85,156               | 0.85     | 1,751,332   | 1.89     |
| Service Coordination and Other Expenses | 4,514,474                                     | 16.33  | 300,839              | 19.46    | 9,358,099           | 17.54  | 1,974,207            | 19.68    | 16,147,619  | 17.44    |

FY2015 STAR+Plus Rating Summary  
Hidalgo SDA Total

|                          | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |          |
|--------------------------|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|----------|
|                          | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |          |
|                          | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm     |
| Net Reinsurance Cost     | 0   | 0.00   | 0                    | 0.00     | 0                   | 0.00   | 0                    | 0.00     | 0           | 0.00     |
| Administrative Expenses  |   |        |                      |          |                     |        |                      |          |             |          |
| Fixed Amount             | 3,938,852                                     | 14.25  | 220,307              | 14.25    | 7,602,747           | 14.25  | 1,429,514            | 14.25    | 13,191,421  | 14.25    |
| Percentage of Premium    | 15,230,633                                    | 5.75%  | 2,502,898            | 5.75%    | 28,402,875          | 5.75%  | 10,937,168           | 5.75%    | 57,073,574  | 5.75%    |
| Total                    | 19,169,486                                    | 69.35  | 2,723,205            | 176.14   | 36,005,622          | 67.49  | 12,366,682           | 123.28   | 70,264,995  | 75.90    |
| Risk Margin              | 5,297,612                                     | 2.00%  | 870,573              | 2.00%    | 9,879,261           | 2.00%  | 3,804,232            | 2.00%    | 19,851,678  | 2.00%    |
| Premium Tax              | 4,635,410                                     | 1.75%  | 761,752              | 1.75%    | 8,644,353           | 1.75%  | 3,328,703            | 1.75%    | 17,370,218  | 1.75%    |
| Maintenance Tax          | 17,967  | 0.07   | 1,005                | 0.07     | 34,679              | 0.07   | 6,521                | 0.07     | 60,171      | 0.07     |
| Projected Total Cost     |   |        |                      |          |                     |        |                      |          |             |          |
| Acute Care               | 106,515,547                                   | 385.35 | 13,130,798           | 849.33   | 124,338             | 0.23   | 94,095               | 0.94     | 119,864,779 | 129.48   |
| LTC                      | 158,365,035                                   | 572.93 | 30,397,862           | 1,966.21 | 493,838,709         | 925.61 | 190,117,515          | 1,895.17 | 872,719,121 | 942.75   |
| Total                    | 264,880,582                                   | 958.29 | 43,528,660           | 2,815.54 | 493,963,047         | 925.85 | 190,211,611          | 1,896.11 | 992,583,899 | 1,072.24 |
| Experience Rate Increase |   | -0.3 % |                      | 2.4 %    |                     | 3.9 %  |                      | -4.7 %   |             | 1.0 %    |

FY2015 STAR+Plus Rating Summary  
Jefferson SDA Total

|   | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|---|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|   | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|   | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| FY2013 Experience Period                |   |        |                      |          |                     |        |                      |          |             |        |
| Member Months                           | 109,119                                       |        | 3,420                |          | 84,305              |        | 13,848               |          | 210,692     |        |
| Premium Revenue                         | 44,812,991                                    | 410.68 | 6,618,863            | 1,935.34 | 18,973,683          | 225.06 | 20,195,646           | 1,458.38 | 90,601,183  | 430.02 |
| Adjusted Premium (at current rates)     | 51,678,020                                    | 473.59 | 7,527,507            | 2,201.03 | 16,431,888          | 194.91 | 19,371,413           | 1,398.86 | 95,008,828  | 450.94 |
| Estimated FY2013 Incurred Claims        |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 34,525,989                                    | 316.41 | 3,152,170            | 921.69   | 0                   | 0.00   | 0                    | 0.00     | 37,678,160  | 178.83 |
| Long Term Care                          | 7,128,440                                     | 65.33  | 4,467,255            | 1,306.21 | 12,370,190          | 146.73 | 17,329,077           | 1,251.38 | 41,294,963  | 196.00 |
| Total                                   | 41,654,430                                    | 381.73 | 7,619,426            | 2,227.90 | 12,370,190          | 146.73 | 17,329,077           | 1,251.38 | 78,973,123  | 374.83 |
| Projected FY2015 Member Months          | 114,947                                       |        | 4,147                |          | 86,274              |        | 15,043               |          | 220,412     |        |
| Projected FY2015 Premium                |   |        |                      |          |                     |        |                      |          |             |        |
| At Current Rates                        | 54,550,367                                    | 474.57 | 9,148,346            | 2,205.85 | 16,815,731          | 194.91 | 21,042,660           | 1,398.86 | 101,557,104 | 460.76 |
| Annual Cost Trend Assumptions           |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 2.9 %   |        | 1.6 %                |          | 2.9 %               |        | 1.6 %                |          |             |        |
| FY2015                                  | 2.6 %   |        | 0.9 %                |          | 2.6 %               |        | 0.9 %                |          |             |        |
| Long Term Care                          |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 9.8 %   |        | 1.2 %                |          | 5.1 %               |        | 0.0 %                |          |             |        |
| FY2015                                  | 11.3 %  |        | 3.3 %                |          | 6.3 %               |        | 1.2 %                |          |             |        |
| Provider Reimbursement Adjustment       |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 1.0173  |        | 0.9907               |          | 1.0000              |        | 1.0000               |          |             |        |
| Long Term Care                          | 1.0220  |        | 0.9789               |          | 1.0232              |        | 0.9777               |          |             |        |
| Other Reimbursement Adjustment          | 1.0000  |        | 1.0000               |          | 1.0000              |        | 1.0000               |          |             |        |
| Projected Incurred Claims               |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 39,062,162                                    | 339.83 | 3,882,189            | 936.07   | 0                   | 0.00   | 0                    | 0.00     | 42,944,351  | 194.84 |
| LTC                                     | 9,378,671                                     | 81.59  | 5,543,702            | 1,336.70 | 14,471,088          | 167.73 | 18,625,198           | 1,238.15 | 48,018,659  | 217.86 |
| Total                                   | 48,440,833                                    | 421.42 | 9,425,891            | 2,272.77 | 14,471,088          | 167.73 | 18,625,198           | 1,238.15 | 90,963,010  | 412.70 |
| Capitation Expenses & Refunds           | 225,784                                       | 1.96   | 22,346               | 5.39     | 30,092              | 0.35   | 33,919               | 2.25     | 312,142     | 1.42   |
| Service Coordination and Other Expenses | 1,256,564                                     | 10.93  | 76,498               | 18.45    | 946,826             | 10.97  | 247,599              | 16.46    | 2,527,487   | 11.47  |

FY2015 STAR+Plus Rating Summary  
Jefferson SDA Total

|                          | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|--------------------------|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|                          | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|                          | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| Net Reinsurance Cost     | 0   | 0.00   | 0                    | 0.00     | 0                   | 0.00   | 0                    | 0.00     | 0           | 0.00   |
| Administrative Expenses  |   |        |                      |          |                     |        |                      |          |             |        |
| Fixed Amount             | 1,637,999                                     | 14.25  | 59,099               | 14.25    | 1,229,409           | 14.25  | 214,359              | 14.25    | 3,140,866   | 14.25  |
| Percentage of Premium    | 3,276,461                                     | 5.75%  | 608,935              | 5.75%    | 1,059,971           | 5.75%  | 1,214,937            | 5.75%    | 6,160,304   | 5.75%  |
| Total                    | 4,914,460                                     | 42.75  | 668,034              | 161.08   | 2,289,380           | 26.54  | 1,429,296            | 95.02    | 9,301,170   | 42.20  |
| Risk Margin              | 1,139,639                                     | 2.00%  | 211,803              | 2.00%    | 368,686             | 2.00%  | 422,587              | 2.00%    | 2,142,715   | 2.00%  |
| Premium Tax              | 997,184                                       | 1.75%  | 185,328              | 1.75%    | 322,600             | 1.75%  | 369,763              | 1.75%    | 1,874,875   | 1.75%  |
| Maintenance Tax          | 7,472   | 0.07   | 270                  | 0.07     | 5,608               | 0.07   | 978                  | 0.07     | 14,327      | 0.07   |
| Projected Total Cost     |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care               | 44,878,272                                    | 390.42 | 4,341,422            | 1,046.81 | 33,251              | 0.39   | 37,479               | 2.49     | 49,290,425  | 223.63 |
| LTC                      | 12,103,664                                    | 105.30 | 6,248,748            | 1,506.70 | 18,401,028          | 213.29 | 21,091,860           | 1,402.13 | 57,845,300  | 262.44 |
| Total                    | 56,981,936                                    | 495.72 | 10,590,170           | 2,553.51 | 18,434,279          | 213.67 | 21,129,339           | 1,404.62 | 107,135,725 | 486.07 |
| Experience Rate Increase |   | 4.5 %  |                      | 15.8 %   |                     | 9.6 %  |                      | 0.4 %    |             | 5.5 %  |

FY2015 STAR+Plus Rating Summary  
Lubbock SDA Total

|   | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |            |        |
|---|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|------------|--------|
|   | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total      |        |
|   | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount     | pmpm   |
| FY2013 Experience Period                |   |        |                      |          |                     |        |                      |          |            |        |
| Member Months                           | 61,652  |        | 1,954                |          | 63,469              |        | 8,605                |          | 135,680    |        |
| Premium Revenue                         | 29,409,237                                    | 477.02 | 3,909,759            | 2,000.90 | 9,991,925           | 157.43 | 8,778,649            | 1,020.18 | 52,089,569 | 383.91 |
| Adjusted Premium (at current rates)     | 27,798,230                                    | 450.89 | 4,311,708            | 2,206.61 | 9,022,118           | 142.15 | 10,403,359           | 1,208.99 | 51,535,415 | 379.83 |
| Estimated FY2013 Incurred Claims        |   |        |                      |          |                     |        |                      |          |            |        |
| Acute Care                              | 19,549,951                                    | 317.10 | 1,353,027            | 692.44   | 0                   | 0.00   | 0                    | 0.00     | 20,902,979 | 154.06 |
| Long Term Care                          | 3,073,157                                     | 49.85  | 2,471,751            | 1,264.97 | 5,797,192           | 91.34  | 9,574,433            | 1,112.66 | 20,916,533 | 154.16 |
| Total                                   | 22,623,108                                    | 366.95 | 3,824,778            | 1,957.41 | 5,797,192           | 91.34  | 9,574,433            | 1,112.66 | 41,819,512 | 308.22 |
| Projected FY2015 Member Months          | 65,746  |        | 1,984                |          | 65,541              |        | 9,035                |          | 142,306    |        |
| Projected FY2015 Premium                |   |        |                      |          |                     |        |                      |          |            |        |
| At Current Rates                        | 29,643,897                                    | 450.88 | 4,376,889            | 2,206.11 | 9,316,622           | 142.15 | 10,923,224           | 1,208.99 | 54,260,632 | 381.30 |
| Annual Cost Trend Assumptions           |   |        |                      |          |                     |        |                      |          |            |        |
| Acute Care                              |   |        |                      |          |                     |        |                      |          |            |        |
| FY2014                                  | 2.9 %   |        | 1.6 %                |          | 2.9 %               |        | 1.6 %                |          |            |        |
| FY2015                                  | 2.6 %   |        | 0.9 %                |          | 2.6 %               |        | 0.9 %                |          |            |        |
| Long Term Care                          |   |        |                      |          |                     |        |                      |          |            |        |
| FY2014                                  | 9.8 %   |        | 1.2 %                |          | 5.1 %               |        | 0.0 %                |          |            |        |
| FY2015                                  | 11.3 %  |        | 3.3 %                |          | 6.3 %               |        | 1.2 %                |          |            |        |
| Provider Reimbursement Adjustment       |   |        |                      |          |                     |        |                      |          |            |        |
| Acute Care                              | 1.0223  |        | 1.0059               |          | 1.0000              |        | 1.0000               |          |            |        |
| Long Term Care                          | 1.0176  |        | 0.9810               |          | 1.0229              |        | 0.9779               |          |            |        |
| Other Reimbursement Adjustment          | 1.0000  |        | 1.0000               |          | 1.0000              |        | 1.0000               |          |            |        |
| Projected Incurred Claims               |   |        |                      |          |                     |        |                      |          |            |        |
| Acute Care                              | 22,501,426                                    | 342.25 | 1,416,643            | 714.04   | 0                   | 0.00   | 0                    | 0.00     | 23,918,069 | 168.07 |
| LTC                                     | 4,075,516                                     | 61.99  | 2,573,765            | 1,297.27 | 6,841,271           | 104.38 | 9,948,676            | 1,101.13 | 23,439,228 | 164.71 |
| Total                                   | 26,576,942                                    | 404.24 | 3,990,408            | 2,011.31 | 6,841,271           | 104.38 | 9,948,676            | 1,101.13 | 47,357,297 | 332.79 |
| Capitation Expenses & Refunds           | 404,975                                       | 6.16   | 11,937               | 6.02     | 0                   | 0.00   | 0                    | 0.00     | 416,912    | 2.93   |
| Service Coordination and Other Expenses | 657,870                                       | 10.01  | 23,137               | 11.66    | 697,883             | 10.65  | 151,730              | 16.79    | 1,530,620  | 10.76  |

FY2015 STAR+Plus Rating Summary  
Lubbock SDA Total

|                          | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |            |        |
|--------------------------|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|------------|--------|
|                          | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total      |        |
|                          | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount     | pmpm   |
| Net Reinsurance Cost     | 0   | 0.00   | 0                    | 0.00     | 0                   | 0.00   | 0                    | 0.00     | 0          | 0.00   |
| Administrative Expenses  |   |        |                      |          |                     |        |                      |          |            |        |
| Fixed Amount             | 936,883                                       | 14.25  | 28,272               | 14.25    | 933,956             | 14.25  | 128,749              | 14.25    | 2,027,860  | 14.25  |
| Percentage of Premium    | 1,815,916                                     | 5.75%  | 257,567              | 5.75%    | 538,617             | 5.75%  | 649,956              | 5.75%    | 3,262,057  | 5.75%  |
| Total                    | 2,752,799                                     | 41.87  | 285,839              | 144.07   | 1,472,574           | 22.47  | 778,705              | 86.19    | 5,289,916  | 37.17  |
| Risk Margin              | 631,623                                       | 2.00%  | 89,589               | 2.00%    | 187,345             | 2.00%  | 226,072              | 2.00%    | 1,134,628  | 2.00%  |
| Premium Tax              | 552,670                                       | 1.75%  | 78,390               | 1.75%    | 163,927             | 1.75%  | 197,813              | 1.75%    | 992,800    | 1.75%  |
| Maintenance Tax          | 4,274   | 0.07   | 129                  | 0.07     | 4,260               | 0.07   | 587                  | 0.07     | 9,250      | 0.07   |
| Projected Total Cost     |   |        |                      |          |                     |        |                      |          |            |        |
| Acute Care               | 26,191,418                                    | 398.37 | 1,589,682            | 801.26   | 0                   | 0.00   | 0                    | 0.00     | 27,781,100 | 195.22 |
| LTC                      | 5,389,735                                     | 81.98  | 2,889,746            | 1,456.53 | 9,367,261           | 142.92 | 11,303,583           | 1,251.09 | 28,950,324 | 203.44 |
| Total                    | 31,581,152                                    | 480.35 | 4,479,428            | 2,257.79 | 9,367,261           | 142.92 | 11,303,583           | 1,251.09 | 56,731,424 | 398.66 |
| Experience Rate Increase |   | 6.5 %  |                      | 2.3 %    |                     | 0.5 %  |                      | 3.5 %    |            | 4.6 %  |

FY2015 STAR+Plus Rating Summary  
Nueces SDA Total

|   | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|---|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|   | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|   | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| FY2013 Experience Period                |   |        |                      |          |                     |        |                      |          |             |        |
| Member Months                           | 99,610  |        | 7,897                |          | 103,423             |        | 31,885               |          | 242,815     |        |
| Premium Revenue                         | 75,712,679                                    | 760.09 | 21,291,480           | 2,696.15 | 44,222,641          | 427.59 | 52,655,527           | 1,651.42 | 193,882,326 | 798.48 |
| Adjusted Premium (at current rates)     | 73,545,676                                    | 738.34 | 20,205,550           | 2,558.64 | 44,518,430          | 430.45 | 50,653,468           | 1,588.63 | 188,923,124 | 778.05 |
| Estimated FY2013 Incurred Claims        |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 31,898,279                                    | 320.23 | 6,319,720            | 800.27   | 0                   | 0.00   | 0                    | 0.00     | 38,217,999  | 157.40 |
| Long Term Care                          | 19,090,615                                    | 191.65 | 10,898,860           | 1,380.13 | 31,843,350          | 307.89 | 44,922,716           | 1,408.90 | 106,755,541 | 439.66 |
| Total                                   | 50,988,894                                    | 511.89 | 17,218,580           | 2,180.40 | 31,843,350          | 307.89 | 44,922,716           | 1,408.90 | 144,973,540 | 597.05 |
| Projected FY2015 Member Months          | 106,235                                       |        | 8,334                |          | 107,252             |        | 32,083               |          | 253,904     |        |
| Projected FY2015 Premium                |   |        |                      |          |                     |        |                      |          |             |        |
| At Current Rates                        | 78,437,428                                    | 738.34 | 21,322,622           | 2,558.52 | 46,166,614          | 430.45 | 50,968,432           | 1,588.63 | 196,895,097 | 775.47 |
| Annual Cost Trend Assumptions           |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 2.9 %   |        | 1.6 %                |          | 2.9 %               |        | 1.6 %                |          |             |        |
| FY2015                                  | 2.6 %   |        | 0.9 %                |          | 2.6 %               |        | 0.9 %                |          |             |        |
| Long Term Care                          |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 9.8 %   |        | 1.2 %                |          | 5.1 %               |        | 0.0 %                |          |             |        |
| FY2015                                  | 11.3 %  |        | 3.3 %                |          | 6.3 %               |        | 1.2 %                |          |             |        |
| Provider Reimbursement Adjustment       |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 1.0188  |        | 0.9990               |          | 1.0000              |        | 1.0000               |          |             |        |
| Long Term Care                          | 1.0242  |        | 0.9791               |          | 1.0239              |        | 0.9785               |          |             |        |
| Other Reimbursement Adjustment          | 1.0000  |        | 1.0000               |          | 1.0000              |        | 1.0000               |          |             |        |
| Projected Incurred Claims               |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 36,591,766                                    | 344.44 | 6,830,263            | 819.57   | 0                   | 0.00   | 0                    | 0.00     | 43,422,028  | 171.02 |
| LTC                                     | 25,483,943                                    | 239.88 | 11,772,757           | 1,412.62 | 37,774,650          | 352.20 | 44,760,966           | 1,395.15 | 119,792,316 | 471.80 |
| Total                                   | 62,075,709                                    | 584.32 | 18,603,019           | 2,232.19 | 37,774,650          | 352.20 | 44,760,966           | 1,395.15 | 163,214,345 | 642.82 |
| Capitation Expenses & Refunds           | 836,689                                       | 7.88   | 65,617               | 7.87     | -37,506             | -0.35  | -11,985              | -0.37    | 852,815     | 3.36   |
| Service Coordination and Other Expenses | 1,480,773                                     | 13.94  | 116,168              | 13.94    | 1,505,639           | 14.04  | 451,376              | 14.07    | 3,553,956   | 14.00  |



FY2015 STAR+Plus Rating Summary  
Nueces SDA Total

|                          | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|--------------------------|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|                          | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|                          | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| Net Reinsurance Cost     | 0   | 0.00   | 0                    | 0.00     | 0                   | 0.00   | 0                    | 0.00     | 0           | 0.00   |
| Administrative Expenses  |   |        |                      |          |                     |        |                      |          |             |        |
| Fixed Amount             | 1,513,848                                     | 14.25  | 118,759              | 14.25    | 1,528,341           | 14.25  | 457,186              | 14.25    | 3,618,134   | 14.25  |
| Percentage of Premium    | 4,187,901                                     | 5.75%  | 1,201,090            | 5.75%    | 2,590,873           | 5.75%  | 2,901,026            | 5.75%    | 10,880,890  | 5.75%  |
| Total                    | 5,701,749                                     | 53.67  | 1,319,848            | 158.37   | 4,119,214           | 38.41  | 3,358,213            | 104.67   | 14,499,024  | 57.10  |
| Risk Margin              | 1,456,661                                     | 2.00%  | 417,770              | 2.00%    | 901,173             | 2.00%  | 1,009,053            | 2.00%    | 3,784,658   | 2.00%  |
| Premium Tax              | 1,274,579                                     | 1.75%  | 365,549              | 1.75%    | 788,527             | 1.75%  | 882,921              | 1.75%    | 3,311,575   | 1.75%  |
| Maintenance Tax          | 6,905   | 0.07   | 542                  | 0.07     | 6,971               | 0.07   | 2,085                | 0.07     | 16,504      | 0.07   |
| Projected Total Cost     |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care               | 42,347,948                                    | 398.63 | 7,668,157            | 920.11   | -41,443             | -0.39  | -13,243              | -0.41    | 49,961,419  | 196.77 |
| LTC                      | 30,485,117                                    | 286.96 | 13,220,357           | 1,586.32 | 45,100,112          | 420.51 | 50,465,872           | 1,572.97 | 139,271,458 | 548.52 |
| Total                    | 72,833,065                                    | 685.58 | 20,888,514           | 2,506.43 | 45,058,669          | 420.12 | 50,452,629           | 1,572.55 | 189,232,877 | 745.29 |
| Experience Rate Increase |   | -7.1 % |                      | -2.0 %   |                     | -2.4 % |                      | -1.0 %   |             | -3.9 % |

FY2015 STAR+Plus Rating Summary  
Tarrant SDA Total

|   | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|---|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|   | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|   | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| FY2013 Experience Period                |   |        |                      |          |                     |        |                      |          |             |        |
| Member Months                           | 191,377                                       |        | 7,521                |          | 169,280             |        | 23,870               |          | 392,048     |        |
| Premium Revenue                         | 99,326,577                                    | 519.01 | 19,856,418           | 2,640.13 | 24,477,888          | 144.60 | 36,072,105           | 1,511.19 | 179,732,988 | 458.45 |
| Adjusted Premium (at current rates)     | 99,209,672                                    | 518.40 | 20,870,678           | 2,774.99 | 32,613,485          | 192.66 | 35,083,171           | 1,469.76 | 187,777,005 | 478.96 |
| Estimated FY2013 Incurred Claims        |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 68,583,452                                    | 358.37 | 6,295,352            | 837.04   | 0                   | 0.00   | 0                    | 0.00     | 74,878,804  | 190.99 |
| Long Term Care                          | 15,423,029                                    | 80.59  | 10,964,818           | 1,457.89 | 23,300,031          | 137.64 | 31,546,851           | 1,321.61 | 81,234,728  | 207.21 |
| Total                                   | 84,006,481                                    | 438.96 | 17,260,170           | 2,294.93 | 23,300,031          | 137.64 | 31,546,851           | 1,321.61 | 156,113,532 | 398.20 |
| Projected FY2015 Member Months          | 206,393                                       |        | 9,531                |          | 177,424             |        | 26,132               |          | 419,480     |        |
| Projected FY2015 Premium                |   |        |                      |          |                     |        |                      |          |             |        |
| At Current Rates                        | 106,943,423                                   | 518.15 | 26,446,092           | 2,774.71 | 34,182,578          | 192.66 | 38,407,111           | 1,469.76 | 205,979,203 | 491.03 |
| Annual Cost Trend Assumptions           |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 2.9 %   |        | 1.6 %                |          | 2.9 %               |        | 1.6 %                |          |             |        |
| FY2015                                  | 2.6 %   |        | 0.9 %                |          | 2.6 %               |        | 0.9 %                |          |             |        |
| Long Term Care                          |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 9.8 %   |        | 1.2 %                |          | 5.1 %               |        | 0.0 %                |          |             |        |
| FY2015                                  | 11.3 %  |        | 3.3 %                |          | 6.3 %               |        | 1.2 %                |          |             |        |
| Provider Reimbursement Adjustment       |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 0.9903  |        | 0.9912               |          | 1.0000              |        | 1.0000               |          |             |        |
| Long Term Care                          | 1.0224  |        | 0.9832               |          | 1.0233              |        | 0.9812               |          |             |        |
| Other Reimbursement Adjustment          | 1.0000  |        | 1.0000               |          | 1.0000              |        | 1.0000               |          |             |        |
| Projected Incurred Claims               |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 77,331,069                                    | 374.68 | 8,106,514            | 850.53   | 0                   | 0.00   | 0                    | 0.00     | 85,437,583  | 203.67 |
| LTC                                     | 20,782,280                                    | 100.69 | 14,282,099           | 1,498.47 | 27,919,205          | 157.36 | 34,293,109           | 1,312.33 | 97,276,694  | 231.90 |
| Total                                   | 98,113,349                                    | 475.37 | 22,388,613           | 2,349.00 | 27,919,205          | 157.36 | 34,293,109           | 1,312.33 | 182,714,276 | 435.57 |
| Capitation Expenses & Refunds           | 185,356                                       | 0.90   | 9,594                | 1.01     | 0                   | 0.00   | 0                    | 0.00     | 194,950     | 0.46   |
| Service Coordination and Other Expenses | 1,304,478                                     | 6.32   | 429,174              | 45.03    | 1,188,440           | 6.70   | 920,986              | 35.24    | 3,843,078   | 9.16   |

FY2015 STAR+Plus Rating Summary  
Tarrant SDA Total

|                          | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|--------------------------|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|                          | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|                          | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| Net Reinsurance Cost     | 0   | 0.00   | 0                    | 0.00     | 0                   | 0.00   | 0                    | 0.00     | 0           | 0.00   |
| Administrative Expenses  |   |        |                      |          |                     |        |                      |          |             |        |
| Fixed Amount             | 2,941,100                                     | 14.25  | 135,818              | 14.25    | 2,528,297           | 14.25  | 372,375              | 14.25    | 5,977,590   | 14.25  |
| Percentage of Premium    | 6,516,097                                     | 5.75%  | 1,459,027            | 5.75%    | 2,010,751           | 5.75%  | 2,261,127            | 5.75%    | 12,247,002  | 5.75%  |
| Total                    | 9,457,197                                     | 45.82  | 1,594,846            | 167.33   | 4,539,048           | 25.58  | 2,633,501            | 100.78   | 18,224,592  | 43.45  |
| Risk Margin              | 2,266,468                                     | 2.00%  | 507,488              | 2.00%    | 699,392             | 2.00%  | 786,479              | 2.00%    | 4,259,827   | 2.00%  |
| Premium Tax              | 1,983,160                                     | 1.75%  | 444,052              | 1.75%    | 611,968             | 1.75%  | 688,169              | 1.75%    | 3,727,348   | 1.75%  |
| Maintenance Tax          | 13,416  | 0.07   | 620                  | 0.07     | 11,533              | 0.07   | 1,699                | 0.07     | 27,266      | 0.07   |
| Projected Total Cost     |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care               | 88,226,649                                    | 427.47 | 9,022,662            | 946.65   | 0                   | 0.00   | 0                    | 0.00     | 97,249,311  | 231.83 |
| LTC                      | 25,096,774                                    | 121.60 | 16,351,724           | 1,715.62 | 34,969,585          | 197.10 | 39,323,943           | 1,504.85 | 115,742,026 | 275.92 |
| Total                    | 113,323,424                                   | 549.07 | 25,374,386           | 2,662.27 | 34,969,585          | 197.10 | 39,323,943           | 1,504.85 | 212,991,338 | 507.75 |
| Experience Rate Increase |   | 6.0 %  |                      | -4.1 %   |                     | 2.3 %  |                      | 2.4 %    |             | 3.4 %  |

FY2015 STAR+Plus Rating Summary  
Travis SDA Total

|   | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|---|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|   | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|   | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| FY2013 Experience Period                |   |        |                      |          |                     |        |                      |          |             |        |
| Member Months                           | 116,169                                       |        | 4,701                |          | 107,934             |        | 15,795               |          | 244,599     |        |
| Premium Revenue                         | 74,275,919                                    | 639.38 | 13,490,916           | 2,869.80 | 21,641,846          | 200.51 | 27,096,796           | 1,715.53 | 136,505,478 | 558.08 |
| Adjusted Premium (at current rates)     | 71,448,628                                    | 615.04 | 13,277,836           | 2,824.47 | 24,810,789          | 229.87 | 26,243,708           | 1,661.52 | 135,780,961 | 555.12 |
| Estimated FY2013 Incurred Claims        |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 41,587,270                                    | 357.99 | 4,776,236            | 1,016.00 | 0                   | 0.00   | 0                    | 0.00     | 46,363,506  | 189.55 |
| Long Term Care                          | 10,734,774                                    | 92.41  | 7,558,320            | 1,607.81 | 15,904,374          | 147.35 | 22,506,153           | 1,424.89 | 56,703,621  | 231.82 |
| Total                                   | 52,322,044                                    | 450.40 | 12,334,556           | 2,623.82 | 15,904,374          | 147.35 | 22,506,153           | 1,424.89 | 103,067,127 | 421.37 |
| Projected FY2015 Member Months          | 121,805                                       |        | 5,276                |          | 112,228             |        | 17,056               |          | 256,365     |        |
| Projected FY2015 Premium                |   |        |                      |          |                     |        |                      |          |             |        |
| At Current Rates                        | 74,860,248                                    | 614.59 | 14,894,818           | 2,822.91 | 25,797,766          | 229.87 | 28,339,435           | 1,661.52 | 143,892,268 | 561.28 |
| Annual Cost Trend Assumptions           |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 2.9 %   |        | 1.6 %                |          | 2.9 %               |        | 1.6 %                |          |             |        |
| FY2015                                  | 2.6 %   |        | 0.9 %                |          | 2.6 %               |        | 0.9 %                |          |             |        |
| Long Term Care                          |   |        |                      |          |                     |        |                      |          |             |        |
| FY2014                                  | 9.8 %   |        | 1.2 %                |          | 5.1 %               |        | 0.0 %                |          |             |        |
| FY2015                                  | 11.3 %  |        | 3.3 %                |          | 6.3 %               |        | 1.2 %                |          |             |        |
| Provider Reimbursement Adjustment       |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 1.0258  |        | 1.0061               |          | 1.0000              |        | 1.0000               |          |             |        |
| Long Term Care                          | 1.0211  |        | 0.9781               |          | 1.0233              |        | 0.9784               |          |             |        |
| Other Reimbursement Adjustment          | 1.0000  |        | 1.0000               |          | 1.0000              |        | 1.0000               |          |             |        |
| Projected Incurred Claims               |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care                              | 47,223,603                                    | 387.70 | 5,529,158            | 1,047.90 | 0                   | 0.00   | 0                    | 0.00     | 52,752,761  | 205.77 |
| LTC                                     | 14,045,331                                    | 115.31 | 8,674,342            | 1,643.99 | 18,905,888          | 168.46 | 24,063,800           | 1,410.84 | 65,689,360  | 256.23 |
| Total                                   | 61,268,934                                    | 503.01 | 14,203,500           | 2,691.89 | 18,905,888          | 168.46 | 24,063,800           | 1,410.84 | 118,442,121 | 462.01 |
| Capitation Expenses & Refunds           | 346,788                                       | 2.85   | 15,709               | 2.98     | -75,499             | -0.67  | -14,454              | -0.85    | 272,543     | 1.06   |
| Service Coordination and Other Expenses | 1,328,421                                     | 10.91  | 148,662              | 28.17    | 1,240,853           | 11.06  | 397,730              | 23.32    | 3,115,667   | 12.15  |

FY2015 STAR+Plus Rating Summary  
Travis SDA Total

|                          | Acute Care (Non-Inpatient) and Long Term Care |        |                      |          |                     |        |                      |          |             |        |
|--------------------------|---|--------|----------------------|----------|---------------------|--------|----------------------|----------|-------------|--------|
|                          | Medicaid Only - OCC                           |        | Medicaid Only - HCBS |          | Dual Eligible - OCC |        | Dual Eligible - HCBS |          | Total       |        |
|                          | Amount  | pmpm   | Amount               | pmpm     | Amount              | pmpm   | Amount               | pmpm     | Amount      | pmpm   |
| Net Reinsurance Cost     | 0   | 0.00   | 0                    | 0.00     | 0                   | 0.00   | 0                    | 0.00     | 0           | 0.00   |
| Administrative Expenses  |   |        |                      |          |                     |        |                      |          |             |        |
| Fixed Amount             | 1,735,715                                     | 14.25  | 75,189               | 14.25    | 1,599,244           | 14.25  | 243,053              | 14.25    | 3,653,200   | 14.25  |
| Percentage of Premium    | 4,109,997                                     | 5.75%  | 917,675              | 5.75%    | 1,377,318           | 5.75%  | 1,568,780            | 5.75%    | 7,973,769   | 5.75%  |
| Total                    | 5,845,712                                     | 47.99  | 992,863              | 188.17   | 2,976,561           | 26.52  | 1,811,833            | 106.23   | 11,626,969  | 45.35  |
| Risk Margin              | 1,429,564                                     | 2.00%  | 319,191              | 2.00%    | 479,067             | 2.00%  | 545,663              | 2.00%    | 2,773,485   | 2.00%  |
| Premium Tax              | 1,250,869                                     | 1.75%  | 279,292              | 1.75%    | 419,184             | 1.75%  | 477,455              | 1.75%    | 2,426,799   | 1.75%  |
| Maintenance Tax          | 7,917   | 0.07   | 343                  | 0.07     | 7,295               | 0.07   | 1,109                | 0.07     | 16,664      | 0.07   |
| Projected Total Cost     |   |        |                      |          |                     |        |                      |          |             |        |
| Acute Care               | 54,048,963                                    | 443.74 | 6,159,414            | 1,167.35 | -83,425             | -0.74  | -15,972              | -0.94    | 60,108,981  | 234.47 |
| LTC                      | 17,429,242                                    | 143.09 | 9,800,147            | 1,857.36 | 24,036,773          | 214.18 | 27,299,107           | 1,600.53 | 78,565,268  | 306.46 |
| Total                    | 71,478,205                                    | 586.83 | 15,959,560           | 3,024.71 | 23,953,348          | 213.44 | 27,283,135           | 1,599.59 | 138,674,249 | 540.93 |
| Experience Rate Increase |   | -4.5 % |                      | 7.1 %    |                     | -7.1 % |                      | -3.7 %   |             | -3.6 % |

## *Attachment 4*

### Community Experience Analysis – Inpatient

The following exhibits present a summary of the inpatient experience analysis performed for each managed care service area. HHSC utilizes an adjusted community rating methodology in setting the STAR+PLUS premium rates. The base community rates by risk group vary by service area but are the same for each HMO in a service area. The community rates are developed by a weighted average of the projected FY2015 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2015 clients enrolled in each health plan.

Below is a brief description of the exhibits contained in this attachment. The exhibits present the derivation of the FY2015 STAR+PLUS HMO community rates for the following service areas:

- Exhibit A – Bexar Service Area
- Exhibit B – Dallas Services Area
- Exhibit C – El Paso Services Area
- Exhibit D – Harris Service Area
- Exhibit E – Hidalgo Service Area
- Exhibit F – Jefferson Service Area
- Exhibit G – Lubbock Service Area
- Exhibit H – Nueces Service Area
- Exhibit I – Tarrant Service Area
- Exhibit J – Travis Service Area

A description of the rating methodology used for the MRSA Central, MRSA Northeast, MRSA West and IDD populations can be found in Attachments 11 and 12.

These exhibits show projected FY2015 experience for each of the service areas. These amounts were derived by summing amounts from each individual health plan in the service area. The experience analysis for individual HMOs is described in Attachment 2. The top portion of the exhibit shows summary base period (FY2013) experience and projected FY2015 enrollment, premium and incurred claims experience.

The cost of reinsurance is also considered. We have assumed that the net cost of reinsurance (reinsurance premium less reinsurance recoveries) is the minimum of (a) the actual reinsurance premium rate and (b) \$0.75 pmpm.

A provision for administrative expenses is included in the amount of 5.75% of gross premium. Additional provisions are also included for premium tax (1.75% of premium) risk margin (2.0% of premium).

The bottom of the exhibit shows a summary of the projected FY2015 cost based on these assumptions.

FY2015 STAR+Plus Rating Summary  
Bexar SDA Total

|  | Inpatient           |        |                      |        |                     |       |                      |       |            |        |
|--|---------------------|--------|----------------------|--------|---------------------|-------|----------------------|-------|------------|--------|
|  | Medicaid Only - OCC |        | Medicaid Only - HCBS |        | Dual Eligible - OCC |       | Dual Eligible - HCBS |       | Total      |        |
|  | Amount              | pmpm   | Amount               | pmpm   | Amount              | pmpm  | Amount               | pmpm  | Amount     | pmpm   |
| FY2013 Experience Period                     |                     |        |                      |        |                     |       |                      |       |            |        |
| Member Months                                | 262,853             |        | 15,362               |        | 262,879             |       | 38,706               |       | 579,800    |        |
| Premium Revenue                              | 38,137,284          | 145.09 | 6,534,090            | 425.34 | 0                   | 0.00  | 0                    | 0.00  | 44,671,374 | 77.05  |
| Adjusted Premium (at current rates)          | 48,906,242          | 186.06 | 8,437,787            | 549.26 | 0                   | 0.00  | 0                    | 0.00  | 57,344,029 | 98.90  |
| Estimated FY2013 Incurred Claims             | 45,030,823          | 171.32 | 8,332,680            | 542.42 | 0                   | 0.00  | 0                    | 0.00  | 53,363,504 | 92.04  |
| Projected FY2015 Member Months               | 280,011             |        | 16,405               |        | 273,567             |       | 40,013               |       | 609,997    |        |
| Projected FY2015 Premium<br>At Current Rates | 52,151,544          | 186.25 | 9,010,299            | 549.23 | 0                   | 0.00  | 0                    | 0.00  | 61,161,844 | 100.27 |
| Annual Cost Trend Assumptions                |                     |        |                      |        |                     |       |                      |       |            |        |
| Acute Care                                   |                     |        |                      |        |                     |       |                      |       |            |        |
| FY2014                                       | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| FY2015                                       | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| Provider Reimbursement Adjustment            | 0.9035              |        | 0.9113               |        | 1.0000              |       | 1.0000               |       |            |        |
| Projected Incurred Claims                    | 45,891,404          | 163.89 | 8,586,458            | 523.39 | 0                   | 0.00  | 0                    | 0.00  | 54,477,862 | 89.31  |
| Capitation & Other Expenses                  | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Net Reinsurance Cost                         | 37,141              | 0.13   | 2,061                | 0.13   | 0                   | 0.00  | 0                    | 0.00  | 39,202     | 0.06   |
| Administrative Expenses                      |                     |        |                      |        |                     |       |                      |       |            |        |
| Fixed Amount                                 | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Percentage of Premium                        | 2,918,112           | 5.75%  | 545,679              | 5.75%  | 0                   | 5.75% | 0                    | 5.75% | 3,463,791  | 5.75%  |
| Total  | 2,918,112           | 10.42  | 545,679              | 33.26  | 0                   | 0.00  | 0                    | 0.00  | 3,463,791  | 5.68   |
| Risk Margin                                  | 1,014,995           | 2.00%  | 189,802              | 2.00%  | 0                   | 2.00% | 0                    | 2.00% | 1,204,797  | 2.00%  |
| Premium Tax                                  | 888,121             | 1.75%  | 166,076              | 1.75%  | 0                   | 1.75% | 0                    | 1.75% | 1,054,197  | 1.75%  |
| Maintenance Tax                              | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Projected Total Cost                         | 50,749,773          | 181.24 | 9,490,077            | 578.48 | 0                   | 0.00  | 0                    | 0.00  | 60,239,850 | 98.75  |
| Experience Rate Increase                     |                     | -2.7 % |                      | 5.3 %  |                     | 0.0 % |                      | 0.0 % |            | -1.5 % |

FY2015 STAR+Plus Rating Summary  
Dallas SDA Total

|                                     | Inpatient           |        |                      |        |                     |       |                      |       |            |        |
|-------------------------------------|---------------------|--------|----------------------|--------|---------------------|-------|----------------------|-------|------------|--------|
|                                     | Medicaid Only - OCC |        | Medicaid Only - HCBS |        | Dual Eligible - OCC |       | Dual Eligible - HCBS |       | Total      |        |
|                                     | Amount              | pmpm   | Amount               | pmpm   | Amount              | pmpm  | Amount               | pmpm  | Amount     | pmpm   |
| FY2013 Experience Period            |                     |        |                      |        |                     |       |                      |       |            |        |
| Member Months                       | 330,985             |        | 13,037               |        | 297,924             |       | 41,203               |       | 683,149    |        |
| Premium Revenue                     | 55,919,916          | 168.95 | 6,083,195            | 466.61 | 0                   | 0.00  | 0                    | 0.00  | 62,003,110 | 90.76  |
| Adjusted Premium (at current rates) | 68,381,285          | 206.60 | 7,699,659            | 590.60 | 0                   | 0.00  | 0                    | 0.00  | 76,080,944 | 111.37 |
| Estimated FY2013 Incurred Claims    | 68,918,164          | 208.22 | 9,270,789            | 711.11 | 0                   | 0.00  | 0                    | 0.00  | 78,188,953 | 114.45 |
| Projected FY2015 Member Months      | 357,155             |        | 13,654               |        | 309,989             |       | 44,458               |       | 725,255    |        |
| Projected FY2015 Premium            |                     |        |                      |        |                     |       |                      |       |            |        |
| At Current Rates                    | 73,847,097          | 206.77 | 8,058,420            | 590.20 | 0                   | 0.00  | 0                    | 0.00  | 81,905,517 | 112.93 |
| Annual Cost Trend Assumptions       |                     |        |                      |        |                     |       |                      |       |            |        |
| Acute Care                          |                     |        |                      |        |                     |       |                      |       |            |        |
| FY2014                              | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| FY2015                              | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| Provider Reimbursement Adjustment   | 0.9081              |        | 0.9078               |        | 1.0000              |       | 1.0000               |       |            |        |
| Projected Incurred Claims           | 71,506,595          | 200.21 | 9,332,726            | 683.53 | 0                   | 0.00  | 0                    | 0.00  | 80,839,321 | 111.46 |
| Capitation & Other Expenses         | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Net Reinsurance Cost                | 145,251             | 0.41   | 7,047                | 0.52   | 0                   | 0.00  | 0                    | 0.00  | 152,299    | 0.21   |
| Administrative Expenses             |                     |        |                      |        |                     |       |                      |       |            |        |
| Fixed Amount                        | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Percentage of Premium               | 4,552,465           | 5.75%  | 593,411              | 5.75%  | 0                   | 5.75% | 0                    | 5.75% | 5,145,876  | 5.75%  |
| Total                               | 4,552,465           | 12.75  | 593,411              | 43.46  | 0                   | 0.00  | 0                    | 0.00  | 5,145,876  | 7.10   |
| Risk Margin                         | 1,583,466           | 2.00%  | 206,404              | 2.00%  | 0                   | 2.00% | 0                    | 2.00% | 1,789,870  | 2.00%  |
| Premium Tax                         | 1,385,533           | 1.75%  | 180,603              | 1.75%  | 0                   | 1.75% | 0                    | 1.75% | 1,566,136  | 1.75%  |
| Maintenance Tax                     | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Projected Total Cost                | 79,173,311          | 221.68 | 10,320,191           | 755.86 | 0                   | 0.00  | 0                    | 0.00  | 89,493,502 | 123.40 |
| Experience Rate Increase            |                     | 7.2 %  |                      | 28.1 % |                     | 0.0 % |                      | 0.0 % |            | 9.3 %  |



FY2015 STAR+Plus Rating Summary  
El Paso SDA Total

|                                     | Inpatient           |        |                      |        |                     |       |                      |       |            |        |
|-------------------------------------|---------------------|--------|----------------------|--------|---------------------|-------|----------------------|-------|------------|--------|
|                                     | Medicaid Only - OCC |        | Medicaid Only - HCBS |        | Dual Eligible - OCC |       | Dual Eligible - HCBS |       | Total      |        |
|                                     | Amount              | pmpm   | Amount               | pmpm   | Amount              | pmpm  | Amount               | pmpm  | Amount     | pmpm   |
| FY2013 Experience Period            |                     |        |                      |        |                     |       |                      |       |            |        |
| Member Months                       | 83,227              |        | 2,330                |        | 195,729             |       | 9,174                |       | 290,460    |        |
| Premium Revenue                     | 14,101,983          | 169.44 | 1,168,612            | 501.55 | 0                   | 0.00  | 0                    | 0.00  | 15,270,594 | 52.57  |
| Adjusted Premium (at current rates) | 15,343,179          | 184.35 | 1,327,616            | 569.79 | 0                   | 0.00  | 0                    | 0.00  | 16,670,795 | 57.39  |
| Estimated FY2013 Incurred Claims    | 16,091,757          | 193.35 | 1,748,366            | 750.37 | 0                   | 0.00  | 0                    | 0.00  | 17,840,124 | 61.42  |
| Projected FY2015 Member Months      | 88,969              |        | 3,636                |        | 201,856             |       | 11,680               |       | 306,142    |        |
| Projected FY2015 Premium            |                     |        |                      |        |                     |       |                      |       |            |        |
| At Current Rates                    | 16,367,837          | 183.97 | 2,079,920            | 571.98 | 0                   | 0.00  | 0                    | 0.00  | 18,447,757 | 60.26  |
| Annual Cost Trend Assumptions       |                     |        |                      |        |                     |       |                      |       |            |        |
| Acute Care                          |                     |        |                      |        |                     |       |                      |       |            |        |
| FY2014                              | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| FY2015                              | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| Provider Reimbursement Adjustment   | 0.9434              |        | 0.9456               |        | 1.0000              |       | 1.0000               |       |            |        |
| Projected Incurred Claims           | 17,183,313          | 193.14 | 2,732,001            | 751.30 | 0                   | 0.00  | 0                    | 0.00  | 19,915,314 | 65.05  |
| Capitation & Other Expenses         | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Net Reinsurance Cost                | 28,568              | 0.32   | 1,430                | 0.39   | 0                   | 0.00  | 0                    | 0.00  | 29,998     | 0.10   |
| Administrative Expenses             |                     |        |                      |        |                     |       |                      |       |            |        |
| Fixed Amount                        | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Percentage of Premium               | 1,093,573           | 5.75%  | 173,671              | 5.75%  | 0                   | 5.75% | 0                    | 5.75% | 1,267,244  | 5.75%  |
| Total                               | 1,093,573           | 12.29  | 173,671              | 47.76  | 0                   | 0.00  | 0                    | 0.00  | 1,267,244  | 4.14   |
| Risk Margin                         | 380,373             | 2.00%  | 60,407               | 2.00%  | 0                   | 2.00% | 0                    | 2.00% | 440,780    | 2.00%  |
| Premium Tax                         | 332,826             | 1.75%  | 52,856               | 1.75%  | 0                   | 1.75% | 0                    | 1.75% | 385,683    | 1.75%  |
| Maintenance Tax                     | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Projected Total Cost                | 19,018,653          | 213.77 | 3,020,366            | 830.60 | 0                   | 0.00  | 0                    | 0.00  | 22,039,018 | 71.99  |
| Experience Rate Increase            |                     | 16.2 % |                      | 45.2 % |                     | 0.0 % |                      | 0.0 % |            | 19.5 % |

FY2015 STAR+Plus Rating Summary  
Harris SDA Total

|  | Medicaid Only - OCC |         | Medicaid Only - HCBS |         | Dual Eligible - OCC |       | Dual Eligible - HCBS |       | Total       |         |
|--|---------------------|---------|----------------------|---------|---------------------|-------|----------------------|-------|-------------|---------|
|  | Amount              | pmpm    | Amount               | pmpm    | Amount              | pmpm  | Amount               | pmpm  | Amount      | pmpm    |
|  | Inpatient           |         |                      |         |                     |       |                      |       |             |         |
| FY2013 Experience Period                     |                     |         |                      |         |                     |       |                      |       |             |         |
| Member Months                                | 560,421             |         | 26,144               |         | 561,665             |       | 56,057               |       | 1,204,287   |         |
| Premium Revenue                              | 118,373,770         | 211.22  | 17,421,970           | 666.39  | 0                   | 0.00  | 0                    | 0.00  | 135,795,740 | 112.76  |
| Adjusted Premium (at current rates)          | 162,732,956         | 290.38  | 25,674,286           | 982.03  | 0                   | 0.00  | 0                    | 0.00  | 188,407,242 | 156.45  |
| Estimated FY2013 Incurred Claims             | 151,438,464         | 270.22  | 23,072,874           | 882.53  | 0                   | 0.00  | 0                    | 0.00  | 174,511,338 | 144.91  |
| Projected FY2015 Member Months               | 593,431             |         | 29,037               |         | 586,308             |       | 59,438               |       | 1,268,214   |         |
| Projected FY2015 Premium<br>At Current Rates | 172,840,678         | 291.26  | 28,574,514           | 984.07  | 0                   | 0.00  | 0                    | 0.00  | 201,415,192 | 158.82  |
| Annual Cost Trend Assumptions                |                     |         |                      |         |                     |       |                      |       |             |         |
| Acute Care                                   |                     |         |                      |         |                     |       |                      |       |             |         |
| FY2014                                       | 2.9 %               |         | 2.9 %                |         | 2.9 %               |       | 2.9 %                |       |             |         |
| FY2015                                       | 2.9 %               |         | 2.9 %                |         | 2.9 %               |       | 2.9 %                |       |             |         |
| Provider Reimbursement Adjustment            | 0.8252              |         | 0.8233               |         | 1.0000              |       | 1.0000               |       |             |         |
| Projected Incurred Claims                    | 140,114,096         | 236.11  | 22,339,492           | 769.34  | 0                   | 0.00  | 0                    | 0.00  | 162,453,588 | 128.10  |
| Capitation & Other Expenses                  | 0                   | 0.00    | 0                    | 0.00    | 0                   | 0.00  | 0                    | 0.00  | 0           | 0.00    |
| Net Reinsurance Cost                         | 88,927              | 0.15    | 3,385                | 0.12    | 0                   | 0.00  | 0                    | 0.00  | 92,312      | 0.07    |
| Administrative Expenses                      |                     |         |                      |         |                     |       |                      |       |             |         |
| Fixed Amount                                 | 0                   | 0.00    | 0                    | 0.00    | 0                   | 0.00  | 0                    | 0.00  | 0           | 0.00    |
| Percentage of Premium                        | 8,907,927           | 5.75%   | 1,419,575            | 5.75%   | 0                   | 5.75% | 0                    | 5.75% | 10,327,502  | 5.75%   |
| Total  | 8,907,927           | 15.01   | 1,419,575            | 48.89   | 0                   | 0.00  | 0                    | 0.00  | 10,327,502  | 8.14    |
| Risk Margin                                  | 3,098,409           | 2.00%   | 493,765              | 2.00%   | 0                   | 2.00% | 0                    | 2.00% | 3,592,175   | 2.00%   |
| Premium Tax                                  | 2,711,108           | 1.75%   | 432,045              | 1.75%   | 0                   | 1.75% | 0                    | 1.75% | 3,143,153   | 1.75%   |
| Maintenance Tax                              | 0                   | 0.00    | 0                    | 0.00    | 0                   | 0.00  | 0                    | 0.00  | 0           | 0.00    |
| Projected Total Cost                         | 154,920,467         | 261.06  | 24,688,262           | 850.23  | 0                   | 0.00  | 0                    | 0.00  | 179,608,730 | 141.62  |
| Experience Rate Increase                     |                     | -10.4 % |                      | -13.6 % |                     | 0.0 % |                      | 0.0 % |             | -10.8 % |

FY2015 STAR+Plus Rating Summary  
Hidalgo SDA Total

|  | Inpatient           |        |                      |        |                     |       |                      |       |            |        |
|--|---------------------|--------|----------------------|--------|---------------------|-------|----------------------|-------|------------|--------|
|  | Medicaid Only - OCC |        | Medicaid Only - HCBS |        | Dual Eligible - OCC |       | Dual Eligible - HCBS |       | Total      |        |
|  | Amount              | pmpm   | Amount               | pmpm   | Amount              | pmpm  | Amount               | pmpm  | Amount     | pmpm   |
| FY2013 Experience Period                     |                     |        |                      |        |                     |       |                      |       |            |        |
| Member Months                                | 264,834             |        | 13,176               |        | 517,374             |       | 92,450               |       | 887,834    |        |
| Premium Revenue                              | 30,169,889          | 113.92 | 4,443,079            | 337.21 | 0                   | 0.00  | 0                    | 0.00  | 34,612,968 | 38.99  |
| Adjusted Premium (at current rates)          | 40,173,148          | 151.69 | 5,161,343            | 391.72 | 0                   | 0.00  | 0                    | 0.00  | 45,334,491 | 51.06  |
| Estimated FY2013 Incurred Claims             | 35,940,833          | 135.71 | 5,060,686            | 384.08 | 0                   | 0.00  | 0                    | 0.00  | 41,001,519 | 46.18  |
| Projected FY2015 Member Months               | 276,411             |        | 15,460               |        | 533,526             |       | 100,317              |       | 925,714    |        |
| Projected FY2015 Premium<br>At Current Rates | 41,940,077          | 151.73 | 6,044,771            | 390.99 | 0                   | 0.00  | 0                    | 0.00  | 47,984,848 | 51.84  |
| Annual Cost Trend Assumptions                |                     |        |                      |        |                     |       |                      |       |            |        |
| Acute Care                                   |                     |        |                      |        |                     |       |                      |       |            |        |
| FY2014                                       | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| FY2015                                       | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| Provider Reimbursement Adjustment            | 0.9015              |        | 0.9203               |        | 1.0000              |       | 1.0000               |       |            |        |
| Projected Incurred Claims                    | 35,806,816          | 129.54 | 5,786,276            | 374.27 | 0                   | 0.00  | 0                    | 0.00  | 41,593,092 | 44.93  |
| Capitation & Other Expenses                  | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Net Reinsurance Cost                         | 46,675              | 0.17   | 1,950                | 0.13   | 0                   | 0.00  | 0                    | 0.00  | 48,625     | 0.05   |
| Administrative Expenses                      |                     |        |                      |        |                     |       |                      |       |            |        |
| Fixed Amount                                 | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Percentage of Premium                        | 2,277,984           | 5.75%  | 367,760              | 5.75%  | 0                   | 5.75% | 0                    | 5.75% | 2,645,744  | 5.75%  |
| Total  | 2,277,984           | 8.24   | 367,760              | 23.79  | 0                   | 0.00  | 0                    | 0.00  | 2,645,744  | 2.86   |
| Risk Margin                                  | 792,342             | 2.00%  | 127,917              | 2.00%  | 0                   | 2.00% | 0                    | 2.00% | 920,259    | 2.00%  |
| Premium Tax                                  | 693,300             | 1.75%  | 111,927              | 1.75%  | 0                   | 1.75% | 0                    | 1.75% | 805,227    | 1.75%  |
| Maintenance Tax                              | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Projected Total Cost                         | 39,617,117          | 143.33 | 6,395,830            | 413.70 | 0                   | 0.00  | 0                    | 0.00  | 46,012,947 | 49.71  |
| Experience Rate Increase                     |                     | -5.5 % |                      | 5.8 %  |                     | 0.0 % |                      | 0.0 % |            | -4.1 % |

FY2015 STAR+Plus Rating Summary  
Jefferson SDA Total

|                                     | Inpatient           |        |                      |        |                     |       |                      |       |            |        |
|-------------------------------------|---------------------|--------|----------------------|--------|---------------------|-------|----------------------|-------|------------|--------|
|                                     | Medicaid Only - OCC |        | Medicaid Only - HCBS |        | Dual Eligible - OCC |       | Dual Eligible - HCBS |       | Total      |        |
|                                     | Amount              | pmpm   | Amount               | pmpm   | Amount              | pmpm  | Amount               | pmpm  | Amount     | pmpm   |
| FY2013 Experience Period            |                     |        |                      |        |                     |       |                      |       |            |        |
| Member Months                       | 109,119             |        | 3,420                |        | 84,305              |       | 13,848               |       | 210,692    |        |
| Premium Revenue                     | 18,138,851          | 166.23 | 1,682,811            | 492.05 | 0                   | 0.00  | 0                    | 0.00  | 19,821,662 | 94.08  |
| Adjusted Premium (at current rates) | 28,962,193          | 265.42 | 1,912,392            | 559.18 | 0                   | 0.00  | 0                    | 0.00  | 30,874,585 | 146.54 |
| Estimated FY2013 Incurred Claims    | 24,534,439          | 224.84 | 1,777,604            | 519.77 | 0                   | 0.00  | 0                    | 0.00  | 26,312,044 | 124.88 |
| Projected FY2015 Member Months      | 114,947             |        | 4,147                |        | 86,274              |       | 15,043               |       | 220,412    |        |
| Projected FY2015 Premium            |                     |        |                      |        |                     |       |                      |       |            |        |
| At Current Rates                    | 30,587,800          | 266.10 | 2,333,370            | 562.62 | 0                   | 0.00  | 0                    | 0.00  | 32,921,171 | 149.36 |
| Annual Cost Trend Assumptions       |                     |        |                      |        |                     |       |                      |       |            |        |
| Acute Care                          |                     |        |                      |        |                     |       |                      |       |            |        |
| FY2014                              | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| FY2015                              | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| Provider Reimbursement Adjustment   | 0.9398              |        | 0.9372               |        | 1.0000              |       | 1.0000               |       |            |        |
| Projected Incurred Claims           | 25,718,207          | 223.74 | 2,139,135            | 515.79 | 0                   | 0.00  | 0                    | 0.00  | 27,857,342 | 126.39 |
| Capitation & Other Expenses         | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Net Reinsurance Cost                | 36,936              | 0.32   | 1,723                | 0.42   | 0                   | 0.00  | 0                    | 0.00  | 38,659     | 0.18   |
| Administrative Expenses             |                     |        |                      |        |                     |       |                      |       |            |        |
| Fixed Amount                        | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Percentage of Premium               | 1,636,377           | 5.75%  | 136,021              | 5.75%  | 0                   | 5.75% | 0                    | 5.75% | 1,772,398  | 5.75%  |
| Total                               | 1,636,377           | 14.24  | 136,021              | 32.80  | 0                   | 0.00  | 0                    | 0.00  | 1,772,398  | 8.04   |
| Risk Margin                         | 569,174             | 2.00%  | 47,312               | 2.00%  | 0                   | 2.00% | 0                    | 2.00% | 616,486    | 2.00%  |
| Premium Tax                         | 498,028             | 1.75%  | 41,398               | 1.75%  | 0                   | 1.75% | 0                    | 1.75% | 539,425    | 1.75%  |
| Maintenance Tax                     | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Projected Total Cost                | 28,458,722          | 247.58 | 2,365,589            | 570.39 | 0                   | 0.00  | 0                    | 0.00  | 30,824,311 | 139.85 |
| Experience Rate Increase            |                     | -7.0 % |                      | 1.4 %  |                     | 0.0 % |                      | 0.0 % |            | -6.4 % |

FY2015 STAR+Plus Rating Summary  
Lubbock SDA Total

|                                     | Inpatient           |        |                      |        |                     |       |                      |       |            |        |
|-------------------------------------|---------------------|--------|----------------------|--------|---------------------|-------|----------------------|-------|------------|--------|
|                                     | Medicaid Only - OCC |        | Medicaid Only - HCBS |        | Dual Eligible - OCC |       | Dual Eligible - HCBS |       | Total      |        |
|                                     | Amount              | pmpm   | Amount               | pmpm   | Amount              | pmpm  | Amount               | pmpm  | Amount     | pmpm   |
| FY2013 Experience Period            |                     |        |                      |        |                     |       |                      |       |            |        |
| Member Months                       | 61,652              |        | 1,954                |        | 63,469              |       | 8,605                |       | 135,680    |        |
| Premium Revenue                     | 15,294,012          | 248.07 | 1,434,803            | 734.29 | 0                   | 0.00  | 0                    | 0.00  | 16,728,814 | 123.30 |
| Adjusted Premium (at current rates) | 15,314,814          | 248.41 | 895,537              | 458.31 | 0                   | 0.00  | 0                    | 0.00  | 16,210,350 | 119.47 |
| Estimated FY2013 Incurred Claims    | 13,054,325          | 211.74 | 786,744              | 402.63 | 0                   | 0.00  | 0                    | 0.00  | 13,841,069 | 102.01 |
| Projected FY2015 Member Months      | 65,746              |        | 1,984                |        | 65,541              |       | 9,035                |       | 142,306    |        |
| Projected FY2015 Premium            |                     |        |                      |        |                     |       |                      |       |            |        |
| At Current Rates                    | 16,331,599          | 248.40 | 908,689              | 458.01 | 0                   | 0.00  | 0                    | 0.00  | 17,240,288 | 121.15 |
| Annual Cost Trend Assumptions       |                     |        |                      |        |                     |       |                      |       |            |        |
| Acute Care                          |                     |        |                      |        |                     |       |                      |       |            |        |
| FY2014                              | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| FY2015                              | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| Provider Reimbursement Adjustment   | 0.9394              |        | 0.9337               |        | 1.0000              |       | 1.0000               |       |            |        |
| Projected Incurred Claims           | 13,847,105          | 210.61 | 789,743              | 398.06 | 0                   | 0.00  | 0                    | 0.00  | 14,636,848 | 102.85 |
| Capitation & Other Expenses         | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Net Reinsurance Cost                | 3,684               | 0.06   | 113                  | 0.06   | 0                   | 0.00  | 0                    | 0.00  | 3,797      | 0.03   |
| Administrative Expenses             |                     |        |                      |        |                     |       |                      |       |            |        |
| Fixed Amount                        | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Percentage of Premium               | 880,023             | 5.75%  | 50,184               | 5.75%  | 0                   | 5.75% | 0                    | 5.75% | 930,207    | 5.75%  |
| Total                               | 880,023             | 13.39  | 50,184               | 25.29  | 0                   | 0.00  | 0                    | 0.00  | 930,207    | 6.54   |
| Risk Margin                         | 306,095             | 2.00%  | 17,455               | 2.00%  | 0                   | 2.00% | 0                    | 2.00% | 323,550    | 2.00%  |
| Premium Tax                         | 267,833             | 1.75%  | 15,273               | 1.75%  | 0                   | 1.75% | 0                    | 1.75% | 283,106    | 1.75%  |
| Maintenance Tax                     | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Projected Total Cost                | 15,304,740          | 232.79 | 872,769              | 439.91 | 0                   | 0.00  | 0                    | 0.00  | 16,177,509 | 113.68 |
| Experience Rate Increase            |                     | -6.3 % |                      | -4.0 % |                     | 0.0 % |                      | 0.0 % |            | -6.2 % |

FY2015 STAR+Plus Rating Summary  
Nueces SDA Total

|                                     | Inpatient           |         |                      |        |                     |       |                      |       |            |         |
|-------------------------------------|---------------------|---------|----------------------|--------|---------------------|-------|----------------------|-------|------------|---------|
|                                     | Medicaid Only - OCC |         | Medicaid Only - HCBS |        | Dual Eligible - OCC |       | Dual Eligible - HCBS |       | Total      |         |
|                                     | Amount              | pmpm    | Amount               | pmpm   | Amount              | pmpm  | Amount               | pmpm  | Amount     | pmpm    |
| FY2013 Experience Period            |                     |         |                      |        |                     |       |                      |       |            |         |
| Member Months                       | 99,610              |         | 7,897                |        | 103,423             |       | 31,885               |       | 242,815    |         |
| Premium Revenue                     | 15,255,385          | 153.15  | 3,487,102            | 441.57 | 0                   | 0.00  | 0                    | 0.00  | 18,742,487 | 77.19   |
| Adjusted Premium (at current rates) | 22,278,532          | 223.66  | 5,360,336            | 678.78 | 0                   | 0.00  | 0                    | 0.00  | 27,638,868 | 113.83  |
| Estimated FY2013 Incurred Claims    | 17,305,846          | 173.74  | 4,595,497            | 581.93 | 0                   | 0.00  | 0                    | 0.00  | 21,901,343 | 90.20   |
| Projected FY2015 Member Months      | 106,235             |         | 8,334                |        | 107,252             |       | 32,083               |       | 253,904    |         |
| Projected FY2015 Premium            |                     |         |                      |        |                     |       |                      |       |            |         |
| At Current Rates                    | 23,760,412          | 223.66  | 5,656,297            | 678.70 | 0                   | 0.00  | 0                    | 0.00  | 29,416,709 | 115.86  |
| Annual Cost Trend Assumptions       |                     |         |                      |        |                     |       |                      |       |            |         |
| Acute Care                          |                     |         |                      |        |                     |       |                      |       |            |         |
| FY2014                              | 2.9 %               |         | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |         |
| FY2015                              | 2.9 %               |         | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |         |
| Provider Reimbursement Adjustment   | 0.9355              |         | 0.9330               |        | 1.0000              |       | 1.0000               |       |            |         |
| Projected Incurred Claims           | 18,282,342          | 172.09  | 4,791,087            | 574.89 | 0                   | 0.00  | 0                    | 0.00  | 23,073,429 | 90.87   |
| Capitation & Other Expenses         | 0                   | 0.00    | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00    |
| Net Reinsurance Cost                | 2,768               | 0.03    | 217                  | 0.03   | 0                   | 0.00  | 0                    | 0.00  | 2,985      | 0.01    |
| Administrative Expenses             |                     |         |                      |        |                     |       |                      |       |            |         |
| Fixed Amount                        | 0                   | 0.00    | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00    |
| Percentage of Premium               | 1,161,761           | 5.75%   | 304,420              | 5.75%  | 0                   | 5.75% | 0                    | 5.75% | 1,466,181  | 5.75%   |
| Total                               | 1,161,761           | 10.94   | 304,420              | 36.53  | 0                   | 0.00  | 0                    | 0.00  | 1,466,181  | 5.77    |
| Risk Margin                         | 404,091             | 2.00%   | 105,885              | 2.00%  | 0                   | 2.00% | 0                    | 2.00% | 509,976    | 2.00%   |
| Premium Tax                         | 353,579             | 1.75%   | 92,650               | 1.75%  | 0                   | 1.75% | 0                    | 1.75% | 446,229    | 1.75%   |
| Maintenance Tax                     | 0                   | 0.00    | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00    |
| Projected Total Cost                | 20,204,541          | 190.19  | 5,294,259            | 635.26 | 0                   | 0.00  | 0                    | 0.00  | 25,498,800 | 100.43  |
| Experience Rate Increase            |                     | -15.0 % |                      | -6.4 % |                     | 0.0 % |                      | 0.0 % |            | -13.3 % |

FY2015 STAR+Plus Rating Summary  
Tarrant SDA Total

|                                     | Inpatient           |        |                      |         |                     |       |                      |       |            |        |
|-------------------------------------|---------------------|--------|----------------------|---------|---------------------|-------|----------------------|-------|------------|--------|
|                                     | Medicaid Only - OCC |        | Medicaid Only - HCBS |         | Dual Eligible - OCC |       | Dual Eligible - HCBS |       | Total      |        |
|                                     | Amount              | pmpm   | Amount               | pmpm    | Amount              | pmpm  | Amount               | pmpm  | Amount     | pmpm   |
| FY2013 Experience Period            |                     |        |                      |         |                     |       |                      |       |            |        |
| Member Months                       | 191,377             |        | 7,521                |         | 169,280             |       | 23,870               |       | 392,048    |        |
| Premium Revenue                     | 37,862,026          | 197.84 | 3,361,436            | 446.94  | 0                   | 0.00  | 0                    | 0.00  | 41,223,461 | 105.15 |
| Adjusted Premium (at current rates) | 37,868,513          | 197.87 | 4,338,782            | 576.89  | 0                   | 0.00  | 0                    | 0.00  | 42,207,295 | 107.66 |
| Estimated FY2013 Incurred Claims    | 46,900,291          | 245.07 | 4,169,302            | 554.35  | 0                   | 0.00  | 0                    | 0.00  | 51,069,593 | 130.26 |
| Projected FY2015 Member Months      | 206,393             |        | 9,531                |         | 177,424             |       | 26,132               |       | 419,480    |        |
| Projected FY2015 Premium            |                     |        |                      |         |                     |       |                      |       |            |        |
| At Current Rates                    | 40,815,080          | 197.75 | 5,496,722            | 576.71  | 0                   | 0.00  | 0                    | 0.00  | 46,311,802 | 110.40 |
| Annual Cost Trend Assumptions       |                     |        |                      |         |                     |       |                      |       |            |        |
| Acute Care                          |                     |        |                      |         |                     |       |                      |       |            |        |
| FY2014                              | 2.9 %               |        | 2.9 %                |         | 2.9 %               |       | 2.9 %                |       |            |        |
| FY2015                              | 2.9 %               |        | 2.9 %                |         | 2.9 %               |       | 2.9 %                |       |            |        |
| Provider Reimbursement Adjustment   | 0.8385              |        | 0.7511               |         | 1.0000              |       | 1.0000               |       |            |        |
| Projected Incurred Claims           | 44,907,049          | 217.58 | 4,202,036            | 440.88  | 0                   | 0.00  | 0                    | 0.00  | 49,109,086 | 117.07 |
| Capitation & Other Expenses         | 0                   | 0.00   | 0                    | 0.00    | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Net Reinsurance Cost                | 14,633              | 0.07   | 757                  | 0.08    | 0                   | 0.00  | 0                    | 0.00  | 15,391     | 0.04   |
| Administrative Expenses             |                     |        |                      |         |                     |       |                      |       |            |        |
| Fixed Amount                        | 0                   | 0.00   | 0                    | 0.00    | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Percentage of Premium               | 2,854,140           | 5.75%  | 267,028              | 5.75%   | 0                   | 5.75% | 0                    | 5.75% | 3,121,168  | 5.75%  |
| Total                               | 2,854,140           | 13.83  | 267,028              | 28.02   | 0                   | 0.00  | 0                    | 0.00  | 3,121,168  | 7.44   |
| Risk Margin                         | 992,744             | 2.00%  | 92,879               | 2.00%   | 0                   | 2.00% | 0                    | 2.00% | 1,085,624  | 2.00%  |
| Premium Tax                         | 868,651             | 1.75%  | 81,269               | 1.75%   | 0                   | 1.75% | 0                    | 1.75% | 949,921    | 1.75%  |
| Maintenance Tax                     | 0                   | 0.00   | 0                    | 0.00    | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Projected Total Cost                | 49,637,218          | 240.50 | 4,643,971            | 487.24  | 0                   | 0.00  | 0                    | 0.00  | 54,281,189 | 129.40 |
| Experience Rate Increase            |                     | 21.6 % |                      | -15.5 % |                     | 0.0 % |                      | 0.0 % |            | 17.2 % |

FY2015 STAR+Plus Rating Summary  
Travis SDA Total

|                                     | Inpatient           |        |                      |        |                     |       |                      |       |            |        |
|-------------------------------------|---------------------|--------|----------------------|--------|---------------------|-------|----------------------|-------|------------|--------|
|                                     | Medicaid Only - OCC |        | Medicaid Only - HCBS |        | Dual Eligible - OCC |       | Dual Eligible - HCBS |       | Total      |        |
|                                     | Amount              | pmpm   | Amount               | pmpm   | Amount              | pmpm  | Amount               | pmpm  | Amount     | pmpm   |
| FY2013 Experience Period            |                     |        |                      |        |                     |       |                      |       |            |        |
| Member Months                       | 116,169             |        | 4,701                |        | 107,934             |       | 15,795               |       | 244,599    |        |
| Premium Revenue                     | 22,742,730          | 195.77 | 2,203,319            | 468.69 | 0                   | 0.00  | 0                    | 0.00  | 24,946,049 | 101.99 |
| Adjusted Premium (at current rates) | 28,848,215          | 248.33 | 3,225,927            | 686.22 | 0                   | 0.00  | 0                    | 0.00  | 32,074,142 | 131.13 |
| Estimated FY2013 Incurred Claims    | 24,862,273          | 214.02 | 2,920,763            | 621.31 | 0                   | 0.00  | 0                    | 0.00  | 27,783,036 | 113.59 |
| Projected FY2015 Member Months      | 121,805             |        | 5,276                |        | 112,228             |       | 17,056               |       | 256,365    |        |
| Projected FY2015 Premium            |                     |        |                      |        |                     |       |                      |       |            |        |
| At Current Rates                    | 30,218,794          | 248.09 | 3,615,694            | 685.26 | 0                   | 0.00  | 0                    | 0.00  | 33,834,488 | 131.98 |
| Annual Cost Trend Assumptions       |                     |        |                      |        |                     |       |                      |       |            |        |
| Acute Care                          |                     |        |                      |        |                     |       |                      |       |            |        |
| FY2014                              | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| FY2015                              | 2.9 %               |        | 2.9 %                |        | 2.9 %               |       | 2.9 %                |       |            |        |
| Provider Reimbursement Adjustment   | 0.9035              |        | 0.9189               |        | 1.0000              |       | 1.0000               |       |            |        |
| Projected Incurred Claims           | 24,938,655          | 204.74 | 3,189,646            | 604.51 | 0                   | 0.00  | 0                    | 0.00  | 28,128,301 | 109.72 |
| Capitation & Other Expenses         | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Net Reinsurance Cost                | 6,695               | 0.05   | 229                  | 0.04   | 0                   | 0.00  | 0                    | 0.00  | 6,924      | 0.03   |
| Administrative Expenses             |                     |        |                      |        |                     |       |                      |       |            |        |
| Fixed Amount                        | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Percentage of Premium               | 1,584,926           | 5.75%  | 202,672              | 5.75%  | 0                   | 5.75% | 0                    | 5.75% | 1,787,597  | 5.75%  |
| Total                               | 1,584,926           | 13.01  | 202,672              | 38.41  | 0                   | 0.00  | 0                    | 0.00  | 1,787,597  | 6.97   |
| Risk Margin                         | 551,278             | 2.00%  | 70,494               | 2.00%  | 0                   | 2.00% | 0                    | 2.00% | 621,773    | 2.00%  |
| Premium Tax                         | 482,369             | 1.75%  | 61,683               | 1.75%  | 0                   | 1.75% | 0                    | 1.75% | 544,051    | 1.75%  |
| Maintenance Tax                     | 0                   | 0.00   | 0                    | 0.00   | 0                   | 0.00  | 0                    | 0.00  | 0          | 0.00   |
| Projected Total Cost                | 27,563,922          | 226.30 | 3,524,724            | 668.02 | 0                   | 0.00  | 0                    | 0.00  | 31,088,646 | 121.27 |
| Experience Rate Increase            |                     | -8.8 % |                      | -2.5 % |                     | 0.0 % |                      | 0.0 % |            | -8.1 % |



## *Attachment 5*

### Trend Analysis

The FY2015 rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. Separate trend factors were developed by type of service – non-inpatient acute care, inpatient care and long term care services. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience under the various HMO plans. A single trend assumption applied to all service areas but varies by type of service, risk group and year.

The trend analysis included a review of HMO claims experience data through February 28, 2014. Based on this information, estimates of monthly incurred claims were made through December 2014. The claims cost and trend experience was reviewed separately by service area, type of service and risk group. The service area trends were then combined into a statewide average using a weighted average formula with estimated incurred claims as the weights.

The FY2014 non-inpatient acute care trend assumptions were developed from two components: (i) the actual estimated trend for the period September 2013 through December 2013 and (ii) the projected trend for the period January 2014 through August 2014. The experience trends for all time periods were adjusted to remove the impact of various provider reimbursement changes and other revisions that have impacted the program. The trends for the final eight months of FY2014 were projected using experience from FY2011 (1/3 weight), FY2012 (1/3 weight) and FY2013 (1/3 weight). The FY2015 non-inpatient acute care trend assumptions were developed based on an average of the HMO trends for the most recent three full fiscal years (FY2011, FY2012 and FY2013). All historical trends for FY2011 through FY2013 used in the methodology described above were limited to be no less than 0.0%.

The inpatient acute care trend assumptions were developed from an analysis of inpatient claims previously paid on a fee-for-service basis for clients enrolled in the STAR+PLUS program as well as those clients enrolled in the Primary Care Case Management (PCCM) program outside of STAR+PLUS service areas. Based on this analysis the FY2014 and FY2015 trend assumptions were developed based on an average of the trends for the periods (FY2010, FY2011 and FY2012). Only claims prior to the carve-in of inpatient services on March 1, 2012 were considered during the FY2012 time period. Inpatient claims after March 1, 2012 were not considered in the trend analysis due to the significant programmatic changes that impacted inpatient claims once carved into the STAR+PLUS program.

The FY2014 long term care trend assumptions by risk group were developed from two components: (i) the actual estimated trend for the period September 2013 through December 2013 and (ii) the projected trend for the period January 2014 through August 2014. The experience trends for all time periods were adjusted to remove the impact of various provider reimbursement changes and other revisions that have impacted the program. The trends for the final eight months of FY2014 were projected using experience from FY2011 (1/3 weight), FY2012 (1/3 weight) and FY2013 (1/3 weight). The FY2015 long term care trend assumptions were developed based on an average of the HMO trends for the most recent three full fiscal years (FY2011, FY2012 and FY2013). All historical trends for FY2011 through FY2013 used in the methodology described above were limited to be no less than 0.0%.

The attached Exhibit A presents a summary of the recent non-inpatient acute care and long term care trend experience under the HMO plans. Exhibit B presents a summary of the historical inpatient trend experience across the entire state. Exhibit C presents the trend assumptions used in the rating analysis.

The chart below presents the assumed annual trend rates for FY2014 and FY2015.

|                                   | <u>FY2014</u> | <u>FY2015</u> |
|-----------------------------------|---------------|---------------|
| <u>Acute Care (non-inpatient)</u> |               |               |
| Medicaid Only - OCC               | 2.9%          | 2.6%          |
| Medicaid Only - HCBS              | 1.6%          | 0.9%          |
| <br><u>Acute Care (inpatient)</u> |               |               |
| Medicaid Only - OCC               | 2.9%          | 2.9%          |
| Medicaid Only - HCBS              | 2.9%          | 2.9%          |
| <br><u>Long Term Care</u>         |               |               |
| Medicaid Only - OCC               | 9.8%          | 11.3%         |
| Medicaid Only - HCBS              | 1.2 %         | 3.3%          |
| Dual Eligible - OCC               | 5.1%          | 6.3 %         |
| Dual Eligible - HCBS              | 0.0 %         | 1.2 %         |

FY2015 STAR+Plus Rating  
Analysis of HMO Cost Trend Factors

|                                   | <u>Bexar</u> | <u>Dallas</u> | <u>El Paso</u> | <u>Harris</u> | <u>Hidalgo</u> | <u>Jefferson</u> | <u>Lubbock</u> |
|-----------------------------------|--------------|---------------|----------------|---------------|----------------|------------------|----------------|
| <b>Acute Care (Non-inpatient)</b> |              |               |                |               |                |                  |                |
| Medicaid Only OCC                 |              |               |                |               |                |                  |                |
| FY2011                            | 1.010        |               |                | 1.042         |                |                  |                |
| FY2012                            | 1.053        | 1.020         |                | 1.063         |                |                  |                |
| FY2013                            | 0.993        | 0.921         | 1.064          | 0.989         | 0.863          | 1.004            | 1.061          |
| FY2014*                           | 1.043        | 1.120         | 1.061          | 1.040         | 0.996          | 1.070            | 0.994          |
| Medicaid Only HCBS                |              |               |                |               |                |                  |                |
| FY2011                            | 0.931        |               |                | 0.976         |                |                  |                |
| FY2012                            | 1.056        | 1.135         |                | 0.965         |                |                  |                |
| FY2013                            | 0.934        | 1.014         | 1.418          | 0.918         | 1.083          | 1.222            | 1.113          |
| FY2014*                           | 0.882        | 1.006         | 0.897          | 1.072         | 1.107          | 1.084            | 1.337          |
| <b>Long Term Care</b>             |              |               |                |               |                |                  |                |
| Medicaid Only OCC                 |              |               |                |               |                |                  |                |
| FY2011                            | 1.211        |               |                | 1.092         |                |                  |                |
| FY2012                            | 1.124        | 1.250         |                | 1.167         |                |                  |                |
| FY2013                            | 1.033        | 1.139         | 1.188          | 0.964         | 1.096          | 1.158            | 0.994          |
| FY2014*                           | 1.071        | 1.186         | 1.176          | 0.913         | 1.138          | 1.106            | 1.047          |
| Medicaid Only HCBS                |              |               |                |               |                |                  |                |
| FY2011                            | 1.128        |               |                | 1.001         |                |                  |                |
| FY2012                            | 1.011        | 0.908         |                | 1.129         |                |                  |                |
| FY2013                            | 1.000        | 0.951         | 0.814          | 1.085         | 0.976          | 1.007            | 0.963          |
| FY2014*                           | 0.969        | 1.047         | 0.715          | 1.036         | 0.966          | 0.994            | 0.828          |
| Dual Eligible OCC                 |              |               |                |               |                |                  |                |
| FY2011                            | 1.050        |               |                | 1.048         |                |                  |                |
| FY2012                            | 1.070        | 1.103         |                | 1.152         |                |                  |                |
| FY2013                            | 1.005        | 1.072         | 1.090          | 0.973         | 1.019          | 1.088            | 0.993          |
| FY2014*                           | 1.041        | 1.116         | 1.096          | 0.907         | 1.046          | 1.000            | 0.916          |
| Dual Eligible HCBS                |              |               |                |               |                |                  |                |
| FY2011                            | 0.988        |               |                | 0.966         |                |                  |                |
| FY2012                            | 1.010        | 0.987         |                | 1.080         |                |                  |                |
| FY2013                            | 0.980        | 0.959         | 0.901          | 1.024         | 0.947          | 0.994            | 1.012          |
| FY2014*                           | 0.962        | 1.048         | 0.915          | 0.995         | 0.965          | 0.990            | 0.909          |

\*Trend experience during the first four month of FY2014, 9/1/2013-12/31/2013

FY2015 STAR+Plus Rating  
Analysis of HMO Cost Trend Factors

|                                   | <u>Nueces</u> | <u>Tarrant</u> | <u>Travis</u> | <u>HMO<br/>Average</u> | <u>Weighted<br/>Average</u> |
|-----------------------------------|---------------|----------------|---------------|------------------------|-----------------------------|
| <b>Acute Care (Non-inpatient)</b> |               |                |               |                        |                             |
| Medicaid Only OCC                 |               |                |               |                        |                             |
| FY2011                            | 0.963         |                | 1.068         | 1.030                  | 1.030                       |
| FY2012                            | 0.961         | 1.079          | 1.041         | 1.016                  | 1.047                       |
| FY2013                            | 0.883         | 1.022          | 0.906         | 0.957                  | 0.968                       |
| FY2014*                           | 0.968         | 1.026          | 0.923         | 1.034                  | 1.037                       |
| Medicaid Only HCBS                |               |                |               |                        |                             |
| FY2011                            | 0.867         |                | 0.970         | 0.951                  | 0.951                       |
| FY2012                            | 0.962         | 1.262          | 1.111         | 0.956                  | 1.026                       |
| FY2013                            | 0.882         | 0.978          | 0.996         | 0.941                  | 0.975                       |
| FY2014*                           | 1.037         | 1.001          | 0.975         | 1.021                  | 1.029                       |
| <b>Long Term Care</b>             |               |                |               |                        |                             |
| Medicaid Only OCC                 |               |                |               |                        |                             |
| FY2011                            | 1.108         |                | 1.041         | 1.121                  | 1.121                       |
| FY2012                            | 1.085         | 1.597          | 1.130         | 1.230                  | 1.176                       |
| FY2013                            | 0.971         | 1.063          | 1.005         | 1.121                  | 1.042                       |
| FY2014*                           | 1.010         | 0.996          | 1.055         | 1.045                  | 1.068                       |
| Medicaid Only HCBS                |               |                |               |                        |                             |
| FY2011                            | 1.043         |                | 0.897         | 1.038                  | 1.038                       |
| FY2012                            | 1.048         | 1.029          | 0.998         | 1.071                  | 1.050                       |
| FY2013                            | 1.000         | 0.891          | 1.088         | 1.022                  | 1.010                       |
| FY2014*                           | 0.981         | 0.747          | 0.993         | 0.967                  | 0.969                       |
| Dual Eligible OCC                 |               |                |               |                        |                             |
| FY2011                            | 1.014         |                | 1.060         | 1.045                  | 1.045                       |
| FY2012                            | 1.089         | 1.442          | 1.115         | 1.435                  | 1.133                       |
| FY2013                            | 0.994         | 0.976          | 0.946         | 1.162                  | 1.013                       |
| FY2014*                           | 0.988         | 0.927          | 1.015         | 1.017                  | 1.027                       |
| Dual Eligible HCBS                |               |                |               |                        |                             |
| FY2011                            | 0.998         |                | 0.950         | 0.979                  | 0.979                       |
| FY2012                            | 1.052         | 1.001          | 1.011         | 1.058                  | 1.035                       |
| FY2013                            | 0.982         | 1.018          | 0.959         | 1.005                  | 0.981                       |
| FY2014*                           | 0.978         | 0.954          | 0.921         | 0.976                  | 0.975                       |

\*Trend experience during the first four month of FY2014, 9/1/2013-12/31/2013

FY2015 STAR+Plus Rating  
 Analysis of Inpatient Trend Factors

|                | SSI - Inpatient |               |                |
|----------------|-----------------|---------------|----------------|
|                | <u>FY2010</u>   | <u>FY2011</u> | <u>FY2012*</u> |
| Bexar          | 0.993           | 1.035         | 0.816          |
| Dallas         | 1.181           | 0.866         | 0.819          |
| El Paso        | 1.206           | 0.868         | 0.849          |
| Harris         | 1.104           | 1.125         | 1.130          |
| Hidalgo        | 0.824           | 0.997         | 1.092          |
| Jefferson      | 1.046           | 1.173         | 0.880          |
| Lubbock        | 1.049           | 1.192         | 1.292          |
| Nueces         | 1.025           | 1.022         | 1.249          |
| Tarrant        | 1.125           | 0.942         | 0.784          |
| Travis         | 0.981           | 1.156         | 0.915          |
| MRSA Central   | 0.957           | 0.964         | 1.033          |
| MRSA Northeast | 0.974           | 0.995         | 1.279          |
| MRSA West      | 1.005           | 1.071         | 1.064          |
| Total          | 1.037           | 1.028         | 1.011          |

\*Trend experience during the first four months of FY2012, 9/1/2011-12/31/2011

FY2015 STAR+Plus Rating  
Trend Assumptions

|                                   | <u>FY2014</u> | <u>FY2015</u> |
|-----------------------------------|---------------|---------------|
| <b>Acute Care - Non Inpatient</b> |               |               |
| Medicaid Only OCC                 | 2.9 %         | 2.6 %         |
| Medicaid Only HCBS                | 1.6 %         | 0.9 %         |
| <b>Acute Care - Inpatient</b>     |               |               |
| Medicaid Only OCC                 | 2.9 %         | 2.9 %         |
| Medicaid Only HCBS                | 2.9 %         | 2.9 %         |
| <b>Long Term Care</b>             |               |               |
| Medicaid Only OCC                 | 9.8 %         | 11.3 %        |
| Medicaid Only HCBS                | 1.2 %         | 3.3 %         |
| Dual Eligible OCC                 | 5.1 %         | 6.3 %         |
| Dual Eligible HCBS                | 0.0 %         | 1.2 %         |

## *Attachment 6*

### Provider Reimbursement and Benefit Revisions Effective During FY2013, FY2014 and FY2015

This attachment presents information regarding rating adjustments for the various provider reimbursement and benefit revisions that became effective (or will become effective) after the beginning of the base period used in rate setting (FY2013) and before the end of FY2015.

Effective September 1, 2013, HHSC implemented revisions to the therapy fee schedules. Reimbursement was reduced by 2.5% for Comprehensive Outpatient Rehabilitation Facilities/Outpatient Rehabilitation Facilities (CORFs/ORFs), 4% for independent therapist operating in an office setting, and 1.5% for therapy services provided inside the home. Exhibit A presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2013 HHSC implemented an outpatient hospital reduction of 5.3 percent, which excludes clinical lab and outpatient imaging services. This reduction does not apply to children's hospitals, rural hospitals, or state-owned teaching hospitals. Exhibit B presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2013 HHSC revised the reimbursement for non emergent services provided in an emergency room. These changes will include the following:

- Reimbursement will be restricted when an individual returns to the emergency department within a 36 hour period.
- Reimbursement will be restricted for non-urgent visits in excess of 24 per year.
- Non-urgent visits will be reimbursed using a flat fee.

Exhibits C and D presents a summary of the derivation of the rating adjustment factors for non emergent services delivered in an emergency room.

Effective September 1, 2013 HHSC reduced hospital imaging reimbursement to 125% of the amount reimbursed for imaging performed in a physician's office. Exhibit E presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2013 HHSC reduced ambulance reimbursement by 5%. Exhibit F presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2013 HHSC reduced all Medicaid rates that are in excess of Medicare. Exhibit G presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2014 mental health rehab and targeted case management services will be capitated under the program. Prior to this time these services were paid on a fee-for-service basis. Exhibit H presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2012 HHSC implemented the APR-DRG reimbursement system for all hospitals excluding rural, children's and state owned teaching facilities. Effective September 1, 2013 HHSC transitioned all rural and children's facilities to the APR-DRG reimbursement system. Exhibit I presents a summary of the derivation of the rating adjustment factors.

Effective May 1, 2013 HHSC implemented revisions to hospital reimbursement to account for Potentially Preventable Readmissions (PPR). The reimbursement reductions amount to 1-2% depending on a hospital's performance during the evaluation time period. Exhibit J presents a summary of the derivation of the rating adjustment factors.

Effective March 1, 2014 HHSC implemented revisions to hospital reimbursement to account for Potentially Preventable Complications (PPC). The reimbursement reductions amount to 2-2.5% depending on a hospital's performance during the evaluation time period. Exhibit K presents a summary of the derivation of the rating adjustment factors.

Effective September 1, 2103 HHSC reduced the outlier portion of facility reimbursement by 10%. Children's hospitals are excluding from this reduction. Exhibit L presents a summary of the derivation of the rating adjustment factors.



FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 Therapy Rate Reductions

|   | Medicaid Only |            | Dual Eligible |       | Other     | Grand Total |
|---|---------------|------------|---------------|-------|-----------|-------------|
|   | OCC           | HCBS       | OCC           | HCBS  |           |             |
| Impact of Therapy Rate Reductions (1)   |               |            |               |       |           |             |
| Bexar                                   | -65,676       | -4,038     | 0             | 0     | -2        | -69,716     |
| Dallas                                  | -11,880       | -1,351     | 0             | 0     | 0         | -13,230     |
| El Paso                                 | -11,438       | -594       | 0             | 0     | -15       | -12,048     |
| Harris                                  | -98,631       | -7,201     | 0             | 0     | -167      | -105,998    |
| Hidalgo                                 | -231,661      | -9,210     | 0             | 0     | -45       | -240,915    |
| Jefferson                               | -19,678       | -1,065     | 0             | 0     | -18       | -20,762     |
| Lubbock                                 | -6,871        | -64        | 0             | 0     | 0         | -6,935      |
| Nueces                                  | -30,943       | -4,850     | 0             | 0     | 0         | -35,793     |
| Tarrant                                 | -13,808       | -861       | 0             | 0     | 0         | -14,669     |
| Travis                                  | -9,513        | -530       | 0             | 0     | -145      | -10,187     |
| Total                                   | -500,099      | -29,764    | 0             | 0     | -391      | -530,254    |
| FY2013 Total Acute Care Claims Paid (2) |               |            |               |       |           |             |
| Bexar                                   | 80,432,757    | 13,446,224 | 0             | 0     | 192,224   | 94,071,204  |
| Dallas                                  | 91,526,451    | 11,974,497 | 0             | 0     | 414,258   | 103,915,205 |
| El Paso                                 | 26,086,941    | 2,520,874  | 0             | 0     | 113,641   | 28,721,456  |
| Harris                                  | 196,801,154   | 26,924,700 | 0             | 0     | 376,116   | 224,101,969 |
| Hidalgo                                 | 80,160,729    | 9,652,936  | 0             | 0     | 429,158   | 90,242,823  |
| Jefferson                               | 33,159,651    | 3,121,631  | 0             | 0     | 63,002    | 36,344,284  |
| Lubbock                                 | 18,592,352    | 1,318,751  | 0             | 0     | 64,582    | 19,975,685  |
| Nueces                                  | 30,344,199    | 6,240,234  | 0             | 0     | 53,669    | 36,638,102  |
| Tarrant                                 | 67,073,363    | 6,155,573  | 0             | 0     | 238,479   | 73,467,414  |
| Travis                                  | 40,471,873    | 4,664,933  | 0             | 0     | 146,455   | 45,283,260  |
| Total                                   | 664,649,468   | 86,020,352 | 0             | 0     | 2,091,582 | 752,761,402 |
| Rate Adjustment Factor (3)              |               |            |               |       |           |             |
| Bexar                                   | -0.08%        | -0.03%     | 0.00%         | 0.00% | 0.00%     | -0.07%      |
| Dallas                                  | -0.01%        | -0.01%     | 0.00%         | 0.00% | 0.00%     | -0.01%      |
| El Paso                                 | -0.04%        | -0.02%     | 0.00%         | 0.00% | -0.01%    | -0.04%      |
| Harris                                  | -0.05%        | -0.03%     | 0.00%         | 0.00% | -0.04%    | -0.05%      |
| Hidalgo                                 | -0.29%        | -0.10%     | 0.00%         | 0.00% | -0.01%    | -0.27%      |
| Jefferson                               | -0.06%        | -0.03%     | 0.00%         | 0.00% | -0.03%    | -0.06%      |
| Lubbock                                 | -0.04%        | 0.00%      | 0.00%         | 0.00% | 0.00%     | -0.03%      |
| Nueces                                  | -0.10%        | -0.08%     | 0.00%         | 0.00% | 0.00%     | -0.10%      |
| Tarrant                                 | -0.02%        | -0.01%     | 0.00%         | 0.00% | 0.00%     | -0.02%      |
| Travis                                  | -0.02%        | -0.01%     | 0.00%         | 0.00% | -0.10%    | -0.02%      |
| Total                                   | -0.08%        | -0.03%     | 0.00%         | 0.00% | -0.02%    | -0.07%      |

## Footnotes

- (1) Equals the reduction in cost from application of the reimbursement reduction to therapy services effective 9/1/2013.
- (2) Equals FY2013 health plan fee-for-service claims for all acute care services (from Encounter database).  
Does not Include Inpatient services.
- (3) Equals Cost Impact divided by FY2013 Total Acute Care Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 5.3% Outpatient Facility Reimbursement Reduction

|  | Medicaid Only |          | Dual Eligible |      | Other   | Grand Total |
|--|---------------|----------|---------------|------|---------|-------------|
|  | OCC           | HCBS     | OCC           | HCBS |         |             |
| Estimated Cost Impact of 5.3% Outpatient Reduction (1) |               |          |               |      |         |             |
| Bexar  | -1,075,594    | -124,415 | 0             | 0    | -209    | -1,200,218  |
| Dallas   | -1,696,250    | -118,483 | 0             | 0    | -1,527  | -1,816,260  |
| El Paso  | -338,733      | -14,888  | 0             | 0    | -1,120  | -354,740    |
| Harris   | -1,931,745    | -159,695 | 0             | 0    | -3,848  | -2,095,288  |
| Hidalgo  | -441,792      | -32,129  | 0             | 0    | -103    | -474,024    |
| Jefferson  | -312,515      | -19,883  | 0             | 0    | -101    | -332,498    |
| Lubbock  | -200,380      | -4,865   | 0             | 0    | 55      | -205,190    |
| Nueces   | -238,174      | -25,374  | 0             | 0    | -241    | -263,789    |
| Tarrant  | -1,209,834    | -60,951  | 0             | 0    | -1,254  | -1,272,039  |
| Travis   | -369,255      | -16,736  | 0             | 0    | -2,274  | -388,265    |
| Total  | -7,814,273    | -577,419 | 0             | 0    | -10,621 | -8,402,312  |

|   |             |            |   |   |           |             |
|---|-------------|------------|---|---|-----------|-------------|
| FY2013 Total Acute Care Claims Paid (2) |             |            |   |   |           |             |
| Bexar                                   | 80,432,757  | 13,446,224 | 0 | 0 | 192,224   | 94,071,204  |
| Dallas                                  | 91,526,451  | 11,974,497 | 0 | 0 | 414,258   | 103,915,205 |
| El Paso                                 | 26,086,941  | 2,520,874  | 0 | 0 | 113,641   | 28,721,456  |
| Harris                                  | 196,801,154 | 26,924,700 | 0 | 0 | 376,116   | 224,101,969 |
| Hidalgo                                 | 80,160,729  | 9,652,936  | 0 | 0 | 429,158   | 90,242,823  |
| Jefferson                               | 33,159,651  | 3,121,631  | 0 | 0 | 63,002    | 36,344,284  |
| Lubbock                                 | 18,592,352  | 1,318,751  | 0 | 0 | 64,582    | 19,975,685  |
| Nueces                                  | 30,344,199  | 6,240,234  | 0 | 0 | 53,669    | 36,638,102  |
| Tarrant                                 | 67,073,363  | 6,155,573  | 0 | 0 | 238,479   | 73,467,414  |
| Travis                                  | 40,471,873  | 4,664,933  | 0 | 0 | 146,455   | 45,283,260  |
| Total                                   | 664,649,468 | 86,020,352 | 0 | 0 | 2,091,582 | 752,761,402 |

|                            |        |        |       |       |        |        |
|----------------------------|--------|--------|-------|-------|--------|--------|
| Rate Adjustment Factor (3) |        |        |       |       |        |        |
| Bexar                      | -1.34% | -0.93% | 0.00% | 0.00% | -0.11% | -1.28% |
| Dallas                     | -1.85% | -0.99% | 0.00% | 0.00% | -0.37% | -1.75% |
| El Paso                    | -1.30% | -0.59% | 0.00% | 0.00% | -0.99% | -1.24% |
| Harris                     | -0.98% | -0.59% | 0.00% | 0.00% | -1.02% | -0.93% |
| Hidalgo                    | -0.55% | -0.33% | 0.00% | 0.00% | -0.02% | -0.53% |
| Jefferson                  | -0.94% | -0.64% | 0.00% | 0.00% | -0.16% | -0.91% |
| Lubbock                    | -1.08% | -0.37% | 0.00% | 0.00% | 0.09%  | -1.03% |
| Nueces                     | -0.78% | -0.41% | 0.00% | 0.00% | -0.45% | -0.72% |
| Tarrant                    | -1.80% | -0.99% | 0.00% | 0.00% | -0.53% | -1.73% |
| Travis                     | -0.91% | -0.36% | 0.00% | 0.00% | -1.55% | -0.86% |
| Total                      | -1.18% | -0.67% | 0.00% | 0.00% | -0.51% | -1.12% |

## Footnotes

(1) Equals the cost impact from application of the 5.3% reduction in outpatient facility reimbursement. The reimbursement reduction was effective 9/1/2013 and excludes rural hospitals, children's hospitals and state owned teaching hospitals.

(2) Equals FY2013 health plan fee-for-service claims for all acute care services (from Encounter database).

Does not Include Inpatient services.

(3) Equals Cost Impact divided by FY2013 Total Acute Care Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 Non Emergent Emergency Room Reductions - 36 Hour Limitation

|   | Medicaid Only |            | Dual Eligible |       | Other     | Grand Total |
|---|---------------|------------|---------------|-------|-----------|-------------|
|   | OCC           | HCBS       | OCC           | HCBS  |           |             |
| Impact of Non Emergent Reductions (1)   |               |            |               |       |           |             |
| Bexar                                   | -33,456       | -1,677     | 0             | 0     | -33       | -35,165     |
| Dallas                                  | -65,124       | -2,141     | 0             | 0     | 0         | -67,264     |
| El Paso                                 | -9,964        | -393       | 0             | 0     | 0         | -10,356     |
| Harris                                  | -50,064       | -2,637     | 0             | 0     | 0         | -52,700     |
| Hidalgo                                 | -6,302        | -183       | 0             | 0     | 0         | -6,485      |
| Jefferson                               | -4,842        | -135       | 0             | 0     | 0         | -4,977      |
| Lubbock                                 | -3,506        | 0          | 0             | 0     | 0         | -3,506      |
| Nueces                                  | -8,191        | -460       | 0             | 0     | 0         | -8,651      |
| Tarrant                                 | -24,716       | -384       | 0             | 0     | 0         | -25,101     |
| Travis                                  | -16,175       | -263       | 0             | 0     | 0         | -16,438     |
| Total                                   | -222,339      | -8,272     | 0             | 0     | -33       | -230,644    |
| FY2013 Total Acute Care Claims Paid (2) |               |            |               |       |           |             |
| Bexar                                   | 80,432,757    | 13,446,224 | 0             | 0     | 192,224   | 94,071,204  |
| Dallas                                  | 91,526,451    | 11,974,497 | 0             | 0     | 414,258   | 103,915,205 |
| El Paso                                 | 26,086,941    | 2,520,874  | 0             | 0     | 113,641   | 28,721,456  |
| Harris                                  | 196,801,154   | 26,924,700 | 0             | 0     | 376,116   | 224,101,969 |
| Hidalgo                                 | 80,160,729    | 9,652,936  | 0             | 0     | 429,158   | 90,242,823  |
| Jefferson                               | 33,159,651    | 3,121,631  | 0             | 0     | 63,002    | 36,344,284  |
| Lubbock                                 | 18,592,352    | 1,318,751  | 0             | 0     | 64,582    | 19,975,685  |
| Nueces                                  | 30,344,199    | 6,240,234  | 0             | 0     | 53,669    | 36,638,102  |
| Tarrant                                 | 67,073,363    | 6,155,573  | 0             | 0     | 238,479   | 73,467,414  |
| Travis                                  | 40,471,873    | 4,664,933  | 0             | 0     | 146,455   | 45,283,260  |
| Total                                   | 664,649,468   | 86,020,352 | 0             | 0     | 2,091,582 | 752,761,402 |
| Rate Adjustment Factor (3)              |               |            |               |       |           |             |
| Bexar                                   | -0.04%        | -0.01%     | 0.00%         | 0.00% | -0.02%    | -0.04%      |
| Dallas                                  | -0.07%        | -0.02%     | 0.00%         | 0.00% | 0.00%     | -0.06%      |
| El Paso                                 | -0.04%        | -0.02%     | 0.00%         | 0.00% | 0.00%     | -0.04%      |
| Harris                                  | -0.03%        | -0.01%     | 0.00%         | 0.00% | 0.00%     | -0.02%      |
| Hidalgo                                 | -0.01%        | 0.00%      | 0.00%         | 0.00% | 0.00%     | -0.01%      |
| Jefferson                               | -0.01%        | 0.00%      | 0.00%         | 0.00% | 0.00%     | -0.01%      |
| Lubbock                                 | -0.02%        | 0.00%      | 0.00%         | 0.00% | 0.00%     | -0.02%      |
| Nueces                                  | -0.03%        | -0.01%     | 0.00%         | 0.00% | 0.00%     | -0.02%      |
| Tarrant                                 | -0.04%        | -0.01%     | 0.00%         | 0.00% | 0.00%     | -0.03%      |
| Travis                                  | -0.04%        | -0.01%     | 0.00%         | 0.00% | 0.00%     | -0.04%      |
| Total                                   | -0.03%        | -0.01%     | 0.00%         | 0.00% | 0.00%     | -0.03%      |

## Footnotes

(1) Equals the cost impact from application of the reimbursement limitation for non emergent service within 36 hours.

(2) Equals FY2013 health plan fee-for-service claims for all acute care services (from Encounter database).

Does not Include Inpatient services.

(3) Equals Cost Impact divided by FY2013 Total Acute Care Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 Non Emergent Emergency Room Reductions - Flat Fee

|   | Medicaid Only |            | Dual Eligible |       | Other     | Grand Total |
|---|---------------|------------|---------------|-------|-----------|-------------|
|   | OCC           | HCBS       | OCC           | HCBS  |           |             |
| Impact of Non Emergent Reductions (1)   |               |            |               |       |           |             |
| Bexar                                   | -327,396      | -22,741    | 0             | 0     | 0         | -350,137    |
| Dallas                                  | -201,148      | -6,960     | 0             | 0     | -30       | -208,138    |
| El Paso                                 | -73,766       | -2,474     | 0             | 0     | 0         | -76,239     |
| Harris                                  | -286,042      | -12,503    | 0             | 0     | 0         | -298,544    |
| Hidalgo                                 | -47,802       | -2,292     | 0             | 0     | 0         | -50,094     |
| Jefferson                               | -36,905       | -1,345     | 0             | 0     | 0         | -38,251     |
| Lubbock                                 | -25,338       | -1,157     | 0             | 0     | 0         | -26,495     |
| Nueces                                  | -55,788       | -6,605     | 0             | 0     | -28       | -62,421     |
| Tarrant                                 | -140,967      | -5,990     | 0             | 0     | -65       | -147,022    |
| Travis                                  | -116,826      | -2,705     | 0             | 0     | 0         | -119,531    |
| Total                                   | -1,311,977    | -64,771    | 0             | 0     | -123      | -1,376,872  |
| FY2013 Total Acute Care Claims Paid (2) |               |            |               |       |           |             |
| Bexar                                   | 80,432,757    | 13,446,224 | 0             | 0     | 192,224   | 94,071,204  |
| Dallas                                  | 91,526,451    | 11,974,497 | 0             | 0     | 414,258   | 103,915,205 |
| El Paso                                 | 26,086,941    | 2,520,874  | 0             | 0     | 113,641   | 28,721,456  |
| Harris                                  | 196,801,154   | 26,924,700 | 0             | 0     | 376,116   | 224,101,969 |
| Hidalgo                                 | 80,160,729    | 9,652,936  | 0             | 0     | 429,158   | 90,242,823  |
| Jefferson                               | 33,159,651    | 3,121,631  | 0             | 0     | 63,002    | 36,344,284  |
| Lubbock                                 | 18,592,352    | 1,318,751  | 0             | 0     | 64,582    | 19,975,685  |
| Nueces                                  | 30,344,199    | 6,240,234  | 0             | 0     | 53,669    | 36,638,102  |
| Tarrant                                 | 67,073,363    | 6,155,573  | 0             | 0     | 238,479   | 73,467,414  |
| Travis                                  | 40,471,873    | 4,664,933  | 0             | 0     | 146,455   | 45,283,260  |
| Total                                   | 664,649,468   | 86,020,352 | 0             | 0     | 2,091,582 | 752,761,402 |
| Rate Adjustment Factor (3)              |               |            |               |       |           |             |
| Bexar                                   | -0.41%        | -0.17%     | 0.00%         | 0.00% | 0.00%     | -0.37%      |
| Dallas                                  | -0.22%        | -0.06%     | 0.00%         | 0.00% | -0.01%    | -0.20%      |
| El Paso                                 | -0.28%        | -0.10%     | 0.00%         | 0.00% | 0.00%     | -0.27%      |
| Harris                                  | -0.15%        | -0.05%     | 0.00%         | 0.00% | 0.00%     | -0.13%      |
| Hidalgo                                 | -0.06%        | -0.02%     | 0.00%         | 0.00% | 0.00%     | -0.06%      |
| Jefferson                               | -0.11%        | -0.04%     | 0.00%         | 0.00% | 0.00%     | -0.11%      |
| Lubbock                                 | -0.14%        | -0.09%     | 0.00%         | 0.00% | 0.00%     | -0.13%      |
| Nueces                                  | -0.18%        | -0.11%     | 0.00%         | 0.00% | -0.05%    | -0.17%      |
| Tarrant                                 | -0.21%        | -0.10%     | 0.00%         | 0.00% | -0.03%    | -0.20%      |
| Travis                                  | -0.29%        | -0.06%     | 0.00%         | 0.00% | 0.00%     | -0.26%      |
| Total                                   | -0.20%        | -0.08%     | 0.00%         | 0.00% | -0.01%    | -0.18%      |

## Footnotes

(1) Equals the cost impact from application of the flat fee reimbursement for non emergent services.

(2) Equals FY2013 health plan fee-for-service claims for all acute care services (from Encounter database).

Does not Include Inpatient services.

(3) Equals Cost Impact divided by FY2013 Total Acute Care Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 Outpatient Imaging Services

|  | Medicaid Only |            | Dual Eligible |       | Other     | Grand Total |
|--|---------------|------------|---------------|-------|-----------|-------------|
|  | OCC           | HCBS       | OCC           | HCBS  |           |             |
| <b>Impact of Limiting Outpatient Imaging Reimbursement (1)</b> |               |            |               |       |           |             |
| Bexar  | -831,078      | -95,452    | 0             | 0     | -223      | -926,753    |
| Dallas   | -1,025,419    | -77,280    | 0             | 0     | -1,603    | -1,104,302  |
| El Paso  | -180,348      | -7,687     | 0             | 0     | -32       | -188,067    |
| Harris   | -1,708,679    | -129,946   | 0             | 0     | -757      | -1,839,381  |
| Hidalgo  | -555,050      | -58,963    | 0             | 0     | -435      | -614,447    |
| Jefferson  | -376,160      | -16,670    | 0             | 0     | -308      | -393,137    |
| Lubbock  | -218,042      | -15,558    | 0             | 0     | -230      | -233,831    |
| Nueces   | -317,810      | -65,313    | 0             | 0     | -31       | -383,155    |
| Tarrant  | -760,595      | -44,358    | 0             | 0     | -394      | -805,348    |
| Travis   | -430,927      | -25,862    | 0             | 0     | -191      | -456,980    |
| Total  | -6,404,108    | -537,088   | 0             | 0     | -4,206    | -6,945,401  |
| <b>FY2013 Total Acute Care Claims Paid (2)</b>                 |               |            |               |       |           |             |
| Bexar  | 80,432,757    | 13,446,224 | 0             | 0     | 192,224   | 94,071,204  |
| Dallas   | 91,526,451    | 11,974,497 | 0             | 0     | 414,258   | 103,915,205 |
| El Paso  | 26,086,941    | 2,520,874  | 0             | 0     | 113,641   | 28,721,456  |
| Harris   | 196,801,154   | 26,924,700 | 0             | 0     | 376,116   | 224,101,969 |
| Hidalgo  | 80,160,729    | 9,652,936  | 0             | 0     | 429,158   | 90,242,823  |
| Jefferson  | 33,159,651    | 3,121,631  | 0             | 0     | 63,002    | 36,344,284  |
| Lubbock  | 18,592,352    | 1,318,751  | 0             | 0     | 64,582    | 19,975,685  |
| Nueces   | 30,344,199    | 6,240,234  | 0             | 0     | 53,669    | 36,638,102  |
| Tarrant  | 67,073,363    | 6,155,573  | 0             | 0     | 238,479   | 73,467,414  |
| Travis   | 40,471,873    | 4,664,933  | 0             | 0     | 146,455   | 45,283,260  |
| Total  | 664,649,468   | 86,020,352 | 0             | 0     | 2,091,582 | 752,761,402 |
| <b>Rate Adjustment Factor (3)</b>                              |               |            |               |       |           |             |
| Bexar  | -1.03%        | -0.71%     | 0.00%         | 0.00% | -0.12%    | -0.99%      |
| Dallas   | -1.12%        | -0.65%     | 0.00%         | 0.00% | -0.39%    | -1.06%      |
| El Paso  | -0.69%        | -0.30%     | 0.00%         | 0.00% | -0.03%    | -0.65%      |
| Harris   | -0.87%        | -0.48%     | 0.00%         | 0.00% | -0.20%    | -0.82%      |
| Hidalgo  | -0.69%        | -0.61%     | 0.00%         | 0.00% | -0.10%    | -0.68%      |
| Jefferson  | -1.13%        | -0.53%     | 0.00%         | 0.00% | -0.49%    | -1.08%      |
| Lubbock  | -1.17%        | -1.18%     | 0.00%         | 0.00% | -0.36%    | -1.17%      |
| Nueces   | -1.05%        | -1.05%     | 0.00%         | 0.00% | -0.06%    | -1.05%      |
| Tarrant  | -1.13%        | -0.72%     | 0.00%         | 0.00% | -0.17%    | -1.10%      |
| Travis   | -1.06%        | -0.55%     | 0.00%         | 0.00% | -0.13%    | -1.01%      |
| Total  | -0.96%        | -0.62%     | 0.00%         | 0.00% | -0.20%    | -0.92%      |

## Footnotes

(1) Equals the cost impact from application of the outpatient imaging limitation to 125% of the reimbursement for the same service provided in a doctor's office.

(2) Equals FY2013 health plan fee-for-service claims for all acute care services (from Encounter database).

Does not Include Inpatient services.

(3) Equals Cost Impact divided by FY2013 Total Acute Care Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 5% Ambulance Reimbursement Reductions

|   | Medicaid Only |            | Dual Eligible |       | Other     | Grand Total |
|---|---------------|------------|---------------|-------|-----------|-------------|
|   | OCC           | HCBS       | OCC           | HCBS  |           |             |
| Estimated Cost Impact of 5% Ambulance Reduction (1) |               |            |               |       |           |             |
| Bexar   | -138,925      | -37,723    | 0             | 0     | -60       | -176,707    |
| Dallas  | -206,372      | -32,031    | 0             | 0     | -613      | -239,017    |
| El Paso   | -49,011       | -8,223     | 0             | 0     | 0         | -57,233     |
| Harris  | -833,960      | -128,601   | 0             | 0     | -470      | -963,031    |
| Hidalgo   | -161,124      | -50,280    | 0             | 0     | -565      | -211,969    |
| Jefferson   | -102,577      | -20,233    | 0             | 0     | -99       | -122,910    |
| Lubbock   | -46,708       | -3,744     | 0             | 0     | -18       | -50,470     |
| Nueces  | -70,619       | -22,431    | 0             | 0     | -140      | -93,190     |
| Tarrant   | -148,699      | -14,884    | 0             | 0     | -152      | -163,735    |
| Travis  | -102,434      | -13,016    | 0             | 0     | -55       | -115,506    |
| Total   | -1,860,429    | -331,167   | 0             | 0     | -2,171    | -2,193,767  |
| FY2013 Total Acute Care Claims Paid (2)             |               |            |               |       |           |             |
| Bexar   | 80,432,757    | 13,446,224 | 0             | 0     | 192,224   | 94,071,204  |
| Dallas  | 91,526,451    | 11,974,497 | 0             | 0     | 414,258   | 103,915,205 |
| El Paso   | 26,086,941    | 2,520,874  | 0             | 0     | 113,641   | 28,721,456  |
| Harris  | 196,801,154   | 26,924,700 | 0             | 0     | 376,116   | 224,101,969 |
| Hidalgo   | 80,160,729    | 9,652,936  | 0             | 0     | 429,158   | 90,242,823  |
| Jefferson   | 33,159,651    | 3,121,631  | 0             | 0     | 63,002    | 36,344,284  |
| Lubbock   | 18,592,352    | 1,318,751  | 0             | 0     | 64,582    | 19,975,685  |
| Nueces  | 30,344,199    | 6,240,234  | 0             | 0     | 53,669    | 36,638,102  |
| Tarrant   | 67,073,363    | 6,155,573  | 0             | 0     | 238,479   | 73,467,414  |
| Travis  | 40,471,873    | 4,664,933  | 0             | 0     | 146,455   | 45,283,260  |
| Total   | 664,649,468   | 86,020,352 | 0             | 0     | 2,091,582 | 752,761,402 |
| Rate Adjustment Factor (3)                          |               |            |               |       |           |             |
| Bexar   | -0.17%        | -0.28%     | 0.00%         | 0.00% | -0.03%    | -0.19%      |
| Dallas  | -0.23%        | -0.27%     | 0.00%         | 0.00% | -0.15%    | -0.23%      |
| El Paso   | -0.19%        | -0.33%     | 0.00%         | 0.00% | 0.00%     | -0.20%      |
| Harris  | -0.42%        | -0.48%     | 0.00%         | 0.00% | -0.12%    | -0.43%      |
| Hidalgo   | -0.20%        | -0.52%     | 0.00%         | 0.00% | -0.13%    | -0.23%      |
| Jefferson   | -0.31%        | -0.65%     | 0.00%         | 0.00% | -0.16%    | -0.34%      |
| Lubbock   | -0.25%        | -0.28%     | 0.00%         | 0.00% | -0.03%    | -0.25%      |
| Nueces  | -0.23%        | -0.36%     | 0.00%         | 0.00% | -0.26%    | -0.25%      |
| Tarrant   | -0.22%        | -0.24%     | 0.00%         | 0.00% | -0.06%    | -0.22%      |
| Travis  | -0.25%        | -0.28%     | 0.00%         | 0.00% | -0.04%    | -0.26%      |
| Total   | -0.28%        | -0.38%     | 0.00%         | 0.00% | -0.10%    | -0.29%      |

## Footnotes

(1) Equals the cost impact from application of the 5% reduction in ambulance reimbursement.

(2) Equals FY2013 health plan fee-for-service claims for all acute care services (from Encounter database).

Does not include Inpatient services.

(3) Equals Cost Impact divided by FY2013 Total Acute Care Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 Reduction of Medicaid Rates in Excess of Medicare

|  | Medicaid Only |            | Dual Eligible |       | Other     | Grand Total |
|--|---------------|------------|---------------|-------|-----------|-------------|
|  | OCC           | HCBS       | OCC           | HCBS  |           |             |
| Estimated Cost Impact of Medicaid Rate Reduction (1) |               |            |               |       |           |             |
| Bexar  | -1,481        | -71        | 0             | 0     | -4        | -1,556      |
| Dallas   | -1,117        | -7         | 0             | 0     | 0         | -1,124      |
| El Paso  | -440          | -24        | 0             | 0     | 0         | -464        |
| Harris   | -3,255        | -9         | 0             | 0     | 0         | -3,265      |
| Hidalgo  | -4,038        | -30        | 0             | 0     | 0         | -4,068      |
| Jefferson  | -492          | 0          | 0             | 0     | 0         | -492        |
| Lubbock  | -309          | -4         | 0             | 0     | 0         | -314        |
| Nueces   | -547          | -5         | 0             | 0     | 0         | -552        |
| Tarrant  | -1,123        | -5         | 0             | 0     | 0         | -1,129      |
| Travis   | -789          | -9         | 0             | 0     | -5        | -803        |
| Total  | -13,592       | -165       | 0             | 0     | -9        | -13,766     |
| FY2013 Total Acute Care Claims Paid (2)              |               |            |               |       |           |             |
| Bexar  | 80,432,757    | 13,446,224 | 0             | 0     | 192,224   | 94,071,204  |
| Dallas   | 91,526,451    | 11,974,497 | 0             | 0     | 414,258   | 103,915,205 |
| El Paso  | 26,086,941    | 2,520,874  | 0             | 0     | 113,641   | 28,721,456  |
| Harris   | 196,801,154   | 26,924,700 | 0             | 0     | 376,116   | 224,101,969 |
| Hidalgo  | 80,160,729    | 9,652,936  | 0             | 0     | 429,158   | 90,242,823  |
| Jefferson  | 33,159,651    | 3,121,631  | 0             | 0     | 63,002    | 36,344,284  |
| Lubbock  | 18,592,352    | 1,318,751  | 0             | 0     | 64,582    | 19,975,685  |
| Nueces   | 30,344,199    | 6,240,234  | 0             | 0     | 53,669    | 36,638,102  |
| Tarrant  | 67,073,363    | 6,155,573  | 0             | 0     | 238,479   | 73,467,414  |
| Travis   | 40,471,873    | 4,664,933  | 0             | 0     | 146,455   | 45,283,260  |
| Total  | 664,649,468   | 86,020,352 | 0             | 0     | 2,091,582 | 752,761,402 |
| Rate Adjustment Factor (3)                           |               |            |               |       |           |             |
| Bexar  | 0.00%         | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.00%       |
| Dallas   | 0.00%         | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.00%       |
| El Paso  | 0.00%         | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.00%       |
| Harris   | 0.00%         | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.00%       |
| Hidalgo  | -0.01%        | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.00%       |
| Jefferson  | 0.00%         | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.00%       |
| Lubbock  | 0.00%         | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.00%       |
| Nueces   | 0.00%         | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.00%       |
| Tarrant  | 0.00%         | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.00%       |
| Travis   | 0.00%         | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.00%       |
| Total  | 0.00%         | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.00%       |

## Footnotes

(1) Equals the cost impact from application of the various reimbursement reductions.

(2) Equals FY2013 health plan fee-for-service claims for all acute care services (from Encounter database).

Does not include Inpatient services.

(3) Equals Cost Impact divided by FY2013 Total Acute Care Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 Capitate Mental Health Rehab

|  | Medicaid Only |            | Dual Eligible |       | Other     | Grand Total |
|--|---------------|------------|---------------|-------|-----------|-------------|
|  | OCC           | HCBS       | OCC           | HCBS  |           |             |
| Impact of Capitating MH Rehab Services (1) |               |            |               |       |           |             |
| Bexar                                      | 2,521,754     | 94,281     | 0             | 0     | 0         | 2,616,035   |
| Dallas                                     | 41,706        | 32         | 0             | 0     | 0         | 41,738      |
| El Paso                                    | 2,052,323     | 41,666     | 0             | 0     | 0         | 2,093,989   |
| Harris                                     | 4,916,949     | 224,625    | 0             | 0     | 0         | 5,141,574   |
| Hidalgo                                    | 3,373,160     | 88,420     | 0             | 0     | 0         | 3,461,580   |
| Jefferson                                  | 1,321,826     | 18,397     | 0             | 0     | 0         | 1,340,223   |
| Lubbock                                    | 825,833       | 25,825     | 0             | 0     | 0         | 851,658     |
| Nueces                                     | 1,007,481     | 59,927     | 0             | 0     | 0         | 1,067,408   |
| Tarrant                                    | 1,676,078     | 73,997     | 0             | 0     | 0         | 1,750,075   |
| Travis                                     | 2,054,066     | 80,761     | 0             | 0     | 0         | 2,134,828   |
| Total                                      | 19,791,177    | 707,931    | 0             | 0     | 0         | 20,499,108  |
| FY2013 Total Acute Care Claims Paid (2)    |               |            |               |       |           |             |
| Bexar                                      | 80,432,757    | 13,446,224 | 0             | 0     | 192,224   | 94,071,204  |
| Dallas                                     | 91,526,451    | 11,974,497 | 0             | 0     | 414,258   | 103,915,205 |
| El Paso                                    | 26,086,941    | 2,520,874  | 0             | 0     | 113,641   | 28,721,456  |
| Harris                                     | 196,801,154   | 26,924,700 | 0             | 0     | 376,116   | 224,101,969 |
| Hidalgo                                    | 80,160,729    | 9,652,936  | 0             | 0     | 429,158   | 90,242,823  |
| Jefferson                                  | 33,159,651    | 3,121,631  | 0             | 0     | 63,002    | 36,344,284  |
| Lubbock                                    | 18,592,352    | 1,318,751  | 0             | 0     | 64,582    | 19,975,685  |
| Nueces                                     | 30,344,199    | 6,240,234  | 0             | 0     | 53,669    | 36,638,102  |
| Tarrant                                    | 67,073,363    | 6,155,573  | 0             | 0     | 238,479   | 73,467,414  |
| Travis                                     | 40,471,873    | 4,664,933  | 0             | 0     | 146,455   | 45,283,260  |
| Total                                      | 664,649,468   | 86,020,352 | 0             | 0     | 2,091,582 | 752,761,402 |
| Rate Adjustment Factor (3)                 |               |            |               |       |           |             |
| Bexar                                      | 3.14%         | 0.70%      | 0.00%         | 0.00% | 0.00%     | 2.78%       |
| Dallas                                     | 0.05%         | 0.00%      | 0.00%         | 0.00% | 0.00%     | 0.04%       |
| El Paso                                    | 7.87%         | 1.65%      | 0.00%         | 0.00% | 0.00%     | 7.29%       |
| Harris                                     | 2.50%         | 0.83%      | 0.00%         | 0.00% | 0.00%     | 2.29%       |
| Hidalgo                                    | 4.21%         | 0.92%      | 0.00%         | 0.00% | 0.00%     | 3.84%       |
| Jefferson                                  | 3.99%         | 0.59%      | 0.00%         | 0.00% | 0.00%     | 3.69%       |
| Lubbock                                    | 4.44%         | 1.96%      | 0.00%         | 0.00% | 0.00%     | 4.26%       |
| Nueces                                     | 3.32%         | 0.96%      | 0.00%         | 0.00% | 0.00%     | 2.91%       |
| Tarrant                                    | 2.50%         | 1.20%      | 0.00%         | 0.00% | 0.00%     | 2.38%       |
| Travis                                     | 5.08%         | 1.73%      | 0.00%         | 0.00% | 0.00%     | 4.71%       |
| Total                                      | 2.98%         | 0.82%      | 0.00%         | 0.00% | 0.00%     | 2.72%       |

## Footnotes

(1) Equals the cost resulting from capitating these services into the STAR+PLUS program.

(2) Equals FY2013 health plan fee-for-service claims for all acute care services (from Encounter database).

Does not include inpatient services.

(3) Equals Cost Impact divided by FY2013 Total Acute Care Claims Paid.



FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 APR DRG Implementation

|   | Medicaid Only |            | Dual Eligible |         | Other   | Grand Total |
|---|---------------|------------|---------------|---------|---------|-------------|
|   | OCC           | HCBS       | OCC           | HCBS    |         |             |
| Estimated Cost Impact of APR DRG Implementation (1) |               |            |               |         |         |             |
| Bexar   | -163,626      | 6,479      | 0             | 0       | 0       | -157,147    |
| Dallas  | 0             | 12,794     | 0             | 0       | 0       | 12,794      |
| El Paso   | 10,890        | 0          | 0             | 0       | 0       | 10,890      |
| Harris  | -371,306      | -87,033    | 0             | 0       | -8,108  | -466,447    |
| Hidalgo   | -632,054      | 14,150     | 0             | 0       | 0       | -617,904    |
| Jefferson   | 475,653       | 29,376     | 0             | 0       | 0       | 505,029     |
| Lubbock   | 5,091         | 1,568      | 0             | 0       | 0       | 6,659       |
| Nueces  | 288,073       | 57,105     | 0             | 0       | 0       | 345,178     |
| Tarrant   | 31,459        | -406,473   | 0             | 0       | 0       | -375,014    |
| Travis  | -124,448      | 33,879     | 0             | 0       | 0       | -90,569     |
| Total   | -480,266      | -338,155   | 0             | 0       | -8,108  | -826,530    |
| FY2013 Total Inpatient Claims Paid (2)              |               |            |               |         |         |             |
| Bexar   | 44,223,323    | 8,099,342  | 227,168       | 168,594 | 61,993  | 52,780,421  |
| Dallas  | 65,158,498    | 8,529,588  | 88,405        | 4,984   | 130,946 | 73,912,422  |
| El Paso   | 15,557,720    | 1,555,507  | 47,728        | 2,040   | 0       | 17,162,995  |
| Harris  | 148,522,359   | 21,758,294 | 521,651       | 226,977 | 333,204 | 171,362,486 |
| Hidalgo   | 35,709,243    | 5,053,423  | 150,088       | 101,447 | 57,056  | 41,071,257  |
| Jefferson   | 23,431,192    | 1,769,642  | 259,845       | 3,015   | 20,310  | 25,484,005  |
| Lubbock   | 12,727,143    | 784,132    | 36,567        | 4,147   | 0       | 13,551,990  |
| Nueces  | 17,458,998    | 4,568,370  | 80,410        | 28,135  | 45,556  | 22,181,471  |
| Tarrant   | 44,941,684    | 3,965,591  | 152,228       | 17,372  | 50,374  | 49,127,249  |
| Travis  | 25,397,478    | 2,920,580  | 104,291       | 20,814  | 28,011  | 28,471,174  |
| Total   | 433,127,639   | 59,004,469 | 1,668,382     | 577,526 | 727,451 | 495,105,468 |
| Rate Adjustment Factor (3)                          |               |            |               |         |         |             |
| Bexar   | -0.37%        | 0.08%      | 0.00%         | 0.00%   | 0.00%   | -0.30%      |
| Dallas  | 0.00%         | 0.15%      | 0.00%         | 0.00%   | 0.00%   | 0.02%       |
| El Paso   | 0.07%         | 0.00%      | 0.00%         | 0.00%   | 0.00%   | 0.06%       |
| Harris  | -0.25%        | -0.40%     | 0.00%         | 0.00%   | -2.43%  | -0.27%      |
| Hidalgo   | -1.77%        | 0.28%      | 0.00%         | 0.00%   | 0.00%   | -1.50%      |
| Jefferson   | 2.03%         | 1.66%      | 0.00%         | 0.00%   | 0.00%   | 1.98%       |
| Lubbock   | 0.04%         | 0.20%      | 0.00%         | 0.00%   | 0.00%   | 0.05%       |
| Nueces  | 1.65%         | 1.25%      | 0.00%         | 0.00%   | 0.00%   | 1.56%       |
| Tarrant   | 0.07%         | -10.25%    | 0.00%         | 0.00%   | 0.00%   | -0.76%      |
| Travis  | -0.49%        | 1.16%      | 0.00%         | 0.00%   | 0.00%   | -0.32%      |
| Total   | -0.11%        | -0.57%     | 0.00%         | 0.00%   | -1.11%  | -0.17%      |

## Footnotes

(1) Equals the cost impact from implementation of the APR DRG system. Includes application to rural and children's hospitals.

(2) Equals FY2013 health plan fee-for-service claims for all acute care inpatient services (from Encounter database).

(3) Equals Cost Impact divided by FY2013 Total Inpatient Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 Potentially Preventable Readmission (PPR) Reimbursement Reductions

|   | Medicaid Only |          | Dual Eligible |      | Other  | Grand Total |
|---|---------------|----------|---------------|------|--------|-------------|
|   | OCC           | HCBS     | OCC           | HCBS |        |             |
| Estimated Cost Impact of PPR Reductions (1) |               |          |               |      |        |             |
| Bexar                                       | -17,355       | -981     | 0             | 0    | 0      | -18,336     |
| Dallas                                      | -201,453      | -27,794  | 0             | 0    | -434   | -229,680    |
| El Paso                                     | -83,847       | -5,212   | 0             | 0    | 0      | -89,059     |
| Harris                                      | -933,870      | -132,483 | 0             | 0    | -3,158 | -1,069,511  |
| Hidalgo                                     | -20,595       | -3,529   | 0             | 0    | 0      | -24,124     |
| Jefferson                                   | -154,315      | -12,928  | 0             | 0    | -47    | -167,290    |
| Lubbock                                     | -42,729       | -5,068   | 0             | 0    | 0      | -47,797     |
| Nueces                                      | -28,806       | -4,194   | 0             | 0    | -137   | -33,136     |
| Tarrant                                     | -195,775      | -19,259  | 0             | 0    | -266   | -215,300    |
| Travis                                      | -132,125      | -14,493  | 0             | 0    | -110   | -146,728    |
| Total                                       | -1,810,870    | -225,939 | 0             | 0    | -4,152 | -2,040,962  |

|  |             |            |           |         |         |             |
|--|-------------|------------|-----------|---------|---------|-------------|
| FY2013 Total Inpatient Claims Paid (2) |             |            |           |         |         |             |
| Bexar                                  | 44,223,323  | 8,099,342  | 227,168   | 168,594 | 61,993  | 52,780,421  |
| Dallas                                 | 65,158,498  | 8,529,588  | 88,405    | 4,984   | 130,946 | 73,912,422  |
| El Paso                                | 15,557,720  | 1,555,507  | 47,728    | 2,040   | 0       | 17,162,995  |
| Harris                                 | 148,522,359 | 21,758,294 | 521,651   | 226,977 | 333,204 | 171,362,486 |
| Hidalgo                                | 35,709,243  | 5,053,423  | 150,088   | 101,447 | 57,056  | 41,071,257  |
| Jefferson                              | 23,431,192  | 1,769,642  | 259,845   | 3,015   | 20,310  | 25,484,005  |
| Lubbock                                | 12,727,143  | 784,132    | 36,567    | 4,147   | 0       | 13,551,990  |
| Nueces                                 | 17,458,998  | 4,568,370  | 80,410    | 28,135  | 45,556  | 22,181,471  |
| Tarrant                                | 44,941,684  | 3,965,591  | 152,228   | 17,372  | 50,374  | 49,127,249  |
| Travis                                 | 25,397,478  | 2,920,580  | 104,291   | 20,814  | 28,011  | 28,471,174  |
| Total                                  | 433,127,639 | 59,004,469 | 1,668,382 | 577,526 | 727,451 | 495,105,468 |

|                            |        |        |       |       |        |        |
|----------------------------|--------|--------|-------|-------|--------|--------|
| Rate Adjustment Factor (3) |        |        |       |       |        |        |
| Bexar                      | -0.04% | -0.01% | 0.00% | 0.00% | 0.00%  | -0.03% |
| Dallas                     | -0.31% | -0.33% | 0.00% | 0.00% | -0.33% | -0.31% |
| El Paso                    | -0.54% | -0.34% | 0.00% | 0.00% | 0.00%  | -0.52% |
| Harris                     | -0.63% | -0.61% | 0.00% | 0.00% | -0.95% | -0.62% |
| Hidalgo                    | -0.06% | -0.07% | 0.00% | 0.00% | 0.00%  | -0.06% |
| Jefferson                  | -0.66% | -0.73% | 0.00% | 0.00% | -0.23% | -0.66% |
| Lubbock                    | -0.34% | -0.65% | 0.00% | 0.00% | 0.00%  | -0.35% |
| Nueces                     | -0.16% | -0.09% | 0.00% | 0.00% | -0.30% | -0.15% |
| Tarrant                    | -0.44% | -0.49% | 0.00% | 0.00% | -0.53% | -0.44% |
| Travis                     | -0.52% | -0.50% | 0.00% | 0.00% | -0.39% | -0.52% |
| Total                      | -0.42% | -0.38% | 0.00% | 0.00% | -0.57% | -0.41% |

## Footnotes

(1) Equals the cost impact from application of the PPR reimbursement reductions.

(2) Equals FY2013 health plan fee-for-service claims for all acute care inpatient services (from Encounter database).

(3) Equals Cost Impact divided by FY2013 Total Inpatient Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 Potentially Preventable Complications (PPC) Reimbursement Reductions

|   | Medicaid Only |          | Dual Eligible |      | Other  | Grand Total |
|---|---------------|----------|---------------|------|--------|-------------|
|   | OCC           | HCBS     | OCC           | HCBS |        |             |
| Estimated Cost Impact of PPC Reductions (1) |               |          |               |      |        |             |
| Bexar                                       | -260,628      | -20,511  | 0             | 0    | 0      | -281,139    |
| Dallas                                      | -1,117,393    | -159,272 | 0             | 0    | -1,841 | -1,278,507  |
| El Paso                                     | -72,934       | -5,952   | 0             | 0    | 0      | -78,887     |
| Harris                                      | -1,691,633    | -279,118 | 0             | 0    | -3,019 | -1,973,770  |
| Hidalgo                                     | -137,955      | -21,426  | 0             | 0    | 0      | -159,380    |
| Jefferson                                   | -189,766      | -11,510  | 0             | 0    | 0      | -201,276    |
| Lubbock                                     | -142,071      | -13,015  | 0             | 0    | 0      | -155,086    |
| Nueces                                      | -23,043       | -3,261   | 0             | 0    | -172   | -26,476     |
| Tarrant                                     | -669,404      | -61,776  | 0             | 0    | -538   | -731,718    |
| Travis                                      | -311,688      | -35,453  | 0             | 0    | -431   | -347,572    |
| Total                                       | -4,616,515    | -611,295 | 0             | 0    | -6,001 | -5,233,811  |

|  |             |            |           |         |         |             |
|--|-------------|------------|-----------|---------|---------|-------------|
| FY2013 Total Inpatient Claims Paid (2) |             |            |           |         |         |             |
| Bexar                                  | 44,223,323  | 8,099,342  | 227,168   | 168,594 | 61,993  | 52,780,421  |
| Dallas                                 | 65,158,498  | 8,529,588  | 88,405    | 4,984   | 130,946 | 73,912,422  |
| El Paso                                | 15,557,720  | 1,555,507  | 47,728    | 2,040   | 0       | 17,162,995  |
| Harris                                 | 148,522,359 | 21,758,294 | 521,651   | 226,977 | 333,204 | 171,362,486 |
| Hidalgo                                | 35,709,243  | 5,053,423  | 150,088   | 101,447 | 57,056  | 41,071,257  |
| Jefferson                              | 23,431,192  | 1,769,642  | 259,845   | 3,015   | 20,310  | 25,484,005  |
| Lubbock                                | 12,727,143  | 784,132    | 36,567    | 4,147   | 0       | 13,551,990  |
| Nueces                                 | 17,458,998  | 4,568,370  | 80,410    | 28,135  | 45,556  | 22,181,471  |
| Tarrant                                | 44,941,684  | 3,965,591  | 152,228   | 17,372  | 50,374  | 49,127,249  |
| Travis                                 | 25,397,478  | 2,920,580  | 104,291   | 20,814  | 28,011  | 28,471,174  |
| Total                                  | 433,127,639 | 59,004,469 | 1,668,382 | 577,526 | 727,451 | 495,105,468 |

|                            |        |        |       |       |        |        |
|----------------------------|--------|--------|-------|-------|--------|--------|
| Rate Adjustment Factor (3) |        |        |       |       |        |        |
| Bexar                      | -0.59% | -0.25% | 0.00% | 0.00% | 0.00%  | -0.53% |
| Dallas                     | -1.71% | -1.87% | 0.00% | 0.00% | -1.41% | -1.73% |
| El Paso                    | -0.47% | -0.38% | 0.00% | 0.00% | 0.00%  | -0.46% |
| Harris                     | -1.14% | -1.28% | 0.00% | 0.00% | -0.91% | -1.15% |
| Hidalgo                    | -0.39% | -0.42% | 0.00% | 0.00% | 0.00%  | -0.39% |
| Jefferson                  | -0.81% | -0.65% | 0.00% | 0.00% | 0.00%  | -0.79% |
| Lubbock                    | -1.12% | -1.66% | 0.00% | 0.00% | 0.00%  | -1.14% |
| Nueces                     | -0.13% | -0.07% | 0.00% | 0.00% | -0.38% | -0.12% |
| Tarrant                    | -1.49% | -1.56% | 0.00% | 0.00% | -1.07% | -1.49% |
| Travis                     | -1.23% | -1.21% | 0.00% | 0.00% | -1.54% | -1.22% |
| Total                      | -1.07% | -1.04% | 0.00% | 0.00% | -0.82% | -1.06% |

## Footnotes

(1) Equals the cost impact from application of the PPC reimbursement reductions effective 3/1/2014.

(2) Equals FY2013 health plan fee-for-service claims for all acute care inpatient services (from Encounter database).

(3) Equals Cost Impact divided by FY2013 Total Inpatient Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 10% Outlier Reimbursement Reductions

|  | Medicaid Only |      | Dual Eligible |      | Other | Grand Total |
|--|---------------|------|---------------|------|-------|-------------|
|  | OCC           | HCBS | OCC           | HCBS |       |             |
| Estimated Cost Impact of 10% Outlier Reduction (1) |               |      |               |      |       |             |
| Bexar  | -13,607       | 0    | 0             | 0    | 0     | -13,607     |
| Dallas   | -2,555        | 0    | 0             | 0    | 0     | -2,555      |
| El Paso  | -2,263        | 0    | 0             | 0    | 0     | -2,263      |
| Harris   | -73,577       | 0    | 0             | 0    | 0     | -73,577     |
| Hidalgo  | -9,959        | 0    | 0             | 0    | 0     | -9,959      |
| Jefferson  | 0             | 0    | 0             | 0    | 0     | 0           |
| Lubbock  | -11,865       | 0    | 0             | 0    | 0     | -11,865     |
| Nueces   | -86           | 0    | 0             | 0    | 0     | -86         |
| Tarrant  | 0             | 0    | 0             | 0    | 0     | 0           |
| Travis   | -99           | 0    | 0             | 0    | 0     | -99         |
| Total  | -114,012      | 0    | 0             | 0    | 0     | -114,012    |

|  |             |            |           |         |         |             |
|--|-------------|------------|-----------|---------|---------|-------------|
| FY2013 Total Inpatient Claims Paid (2) |             |            |           |         |         |             |
| Bexar                                  | 44,223,323  | 8,099,342  | 227,168   | 168,594 | 61,993  | 52,780,421  |
| Dallas                                 | 65,158,498  | 8,529,588  | 88,405    | 4,984   | 130,946 | 73,912,422  |
| El Paso                                | 15,557,720  | 1,555,507  | 47,728    | 2,040   | 0       | 17,162,995  |
| Harris                                 | 148,522,359 | 21,758,294 | 521,651   | 226,977 | 333,204 | 171,362,486 |
| Hidalgo                                | 35,709,243  | 5,053,423  | 150,088   | 101,447 | 57,056  | 41,071,257  |
| Jefferson                              | 23,431,192  | 1,769,642  | 259,845   | 3,015   | 20,310  | 25,484,005  |
| Lubbock                                | 12,727,143  | 784,132    | 36,567    | 4,147   | 0       | 13,551,990  |
| Nueces                                 | 17,458,998  | 4,568,370  | 80,410    | 28,135  | 45,556  | 22,181,471  |
| Tarrant                                | 44,941,684  | 3,965,591  | 152,228   | 17,372  | 50,374  | 49,127,249  |
| Travis                                 | 25,397,478  | 2,920,580  | 104,291   | 20,814  | 28,011  | 28,471,174  |
| Total                                  | 433,127,639 | 59,004,469 | 1,668,382 | 577,526 | 727,451 | 495,105,468 |

|                            |        |       |       |       |       |        |
|----------------------------|--------|-------|-------|-------|-------|--------|
| Rate Adjustment Factor (3) |        |       |       |       |       |        |
| Bexar                      | -0.03% | 0.00% | 0.00% | 0.00% | 0.00% | -0.03% |
| Dallas                     | 0.00%  | 0.00% | 0.00% | 0.00% | 0.00% | 0.00%  |
| El Paso                    | -0.01% | 0.00% | 0.00% | 0.00% | 0.00% | -0.01% |
| Harris                     | -0.05% | 0.00% | 0.00% | 0.00% | 0.00% | -0.04% |
| Hidalgo                    | -0.03% | 0.00% | 0.00% | 0.00% | 0.00% | -0.02% |
| Jefferson                  | 0.00%  | 0.00% | 0.00% | 0.00% | 0.00% | 0.00%  |
| Lubbock                    | -0.09% | 0.00% | 0.00% | 0.00% | 0.00% | -0.09% |
| Nueces                     | 0.00%  | 0.00% | 0.00% | 0.00% | 0.00% | 0.00%  |
| Tarrant                    | 0.00%  | 0.00% | 0.00% | 0.00% | 0.00% | 0.00%  |
| Travis                     | 0.00%  | 0.00% | 0.00% | 0.00% | 0.00% | 0.00%  |
| Total                      | -0.03% | 0.00% | 0.00% | 0.00% | 0.00% | -0.02% |

## Footnotes

- (1) Equals the cost impact from application of the 10% reduction on outlier reimbursement paid on hospital claims.  
 (2) Equals FY2013 health plan fee-for-service claims for all acute care inpatient services (from Encounter database).  
 (3) Equals Cost Impact divided by FY2013 Total Inpatient Claims Paid.

## *Attachment 7*

### Long Term Care Reimbursement Adjustments

Effective September 1, 2013 and again on September 1, 2014 the minimum wage paid to attendant care providers will be increasing for various Personal Assistance Services (PAS) and Day Activity Health Services (DAHS). Exhibit A presents a summary of the derivation of the adjustment factors.

Effective September 1, 2013 attendant care enhanced payments increased to allow certain attendant care providers to qualify for increased enhanced payment levels. Exhibit B presents a summary of the derivation of the adjustment factors.

Effective September 1, 2014 HHSC will require all managed care organizations to incorporate EVV into their management duties for Personal Assistance Services (PAS), Personal Care Services (PCS) and Private Duty Nursing (PDN). Based on an analysis of the impact of EVV on these services in the fee-for-service program the following savings assumptions have been developed:

- PAS: 4.0%
- PCS: 4.0%
- PDN: 3.5%

The impact of additional administrative expenses has been considered and it has been determined that the administrative allowance included in the rates should be increased by \$1.75 per member per month to account for the increased cost associated with implementation of this EVV requirement.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 Attendant Care Reimbursement Increase

|   | Medicaid Only |           | Dual Eligible |           | Other | Grand Total |
|---|---------------|-----------|---------------|-----------|-------|-------------|
|   | OCC           | HCBS      | OCC           | HCBS      |       |             |
| Cost Impact of Attendant Care Reimbursement Increases (1) |               |           |               |           |       |             |
| Bexar   | 2,284,933     | 215,874   | 3,859,025     | 591,710   | 0     | 6,951,543   |
| Dallas  | 2,097,843     | 157,705   | 3,425,668     | 531,551   | 0     | 6,212,767   |
| El Paso   | 692,022       | 40,836    | 3,229,224     | 170,094   | 0     | 4,132,176   |
| Harris  | 4,380,001     | 324,997   | 7,253,184     | 780,513   | 0     | 12,738,695  |
| Hidalgo   | 5,730,828     | 260,061   | 20,137,222    | 1,872,419 | 0     | 28,000,530  |
| Jefferson   | 392,786       | 43,618    | 759,573       | 182,444   | 0     | 1,378,420   |
| Lubbock   | 172,324       | 22,094    | 349,983       | 98,846    | 0     | 643,247     |
| Nueces  | 1,055,546     | 121,585   | 1,830,070     | 503,442   | 0     | 3,510,643   |
| Tarrant   | 881,913       | 85,127    | 1,413,325     | 273,155   | 0     | 2,653,520   |
| Travis  | 585,376       | 70,722    | 996,610       | 227,877   | 0     | 1,880,585   |
| Total   | 18,273,572    | 1,342,618 | 43,253,885    | 5,232,050 | 0     | 68,102,126  |

FY2013 Total Long Term Care Claims Paid (2)

|           |             |             |             |             |   |               |
|-----------|-------------|-------------|-------------|-------------|---|---------------|
| Bexar     | 36,232,819  | 21,659,710  | 63,498,670  | 58,358,788  | 0 | 179,749,988   |
| Dallas    | 34,778,063  | 17,257,965  | 56,686,061  | 52,977,472  | 0 | 161,699,560   |
| El Paso   | 12,007,687  | 3,646,892   | 57,686,881  | 15,432,208  | 0 | 88,773,667    |
| Harris    | 76,575,277  | 37,534,802  | 119,605,033 | 76,660,632  | 0 | 310,375,744   |
| Hidalgo   | 100,984,164 | 22,183,114  | 358,683,896 | 156,346,845 | 0 | 638,198,019   |
| Jefferson | 6,924,472   | 4,413,790   | 12,541,686  | 17,275,963  | 0 | 41,155,910    |
| Lubbock   | 2,930,350   | 2,408,683   | 5,973,768   | 9,374,298   | 0 | 20,687,099    |
| Nueces    | 18,142,811  | 10,759,989  | 31,800,689  | 44,913,848  | 0 | 105,617,337   |
| Tarrant   | 15,113,371  | 10,723,516  | 23,570,884  | 31,050,547  | 0 | 80,458,318    |
| Travis    | 10,650,833  | 7,398,270   | 16,201,476  | 22,447,799  | 0 | 56,698,377    |
| Total     | 314,339,845 | 137,986,731 | 746,249,045 | 484,838,398 | 0 | 1,683,414,019 |

Rate Adjustment Factor (3)

|           |       |       |       |       |       |       |
|-----------|-------|-------|-------|-------|-------|-------|
| Bexar     | 6.31% | 1.00% | 6.08% | 1.01% | 0.00% | 3.87% |
| Dallas    | 6.03% | 0.91% | 6.04% | 1.00% | 0.00% | 3.84% |
| El Paso   | 5.76% | 1.12% | 5.60% | 1.10% | 0.00% | 4.65% |
| Harris    | 5.72% | 0.87% | 6.06% | 1.02% | 0.00% | 4.10% |
| Hidalgo   | 5.67% | 1.17% | 5.61% | 1.20% | 0.00% | 4.39% |
| Jefferson | 5.67% | 0.99% | 6.06% | 1.06% | 0.00% | 3.35% |
| Lubbock   | 5.88% | 0.92% | 5.86% | 1.05% | 0.00% | 3.11% |
| Nueces    | 5.82% | 1.13% | 5.75% | 1.12% | 0.00% | 3.32% |
| Tarrant   | 5.84% | 0.79% | 6.00% | 0.88% | 0.00% | 3.30% |
| Travis    | 5.50% | 0.96% | 6.15% | 1.02% | 0.00% | 3.32% |
| Total     | 5.81% | 0.97% | 5.80% | 1.08% | 0.00% | 4.05% |

Footnotes

(1) Equals the cost impact resulting from increases to the reimbursement for attendant services.

(2) Equals FY2013 health plan fee-for-service claims for all long term care services (from MCO reported data).

(3) Equals Cost Impact divided by FY2013 Total Long Term Care Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 Attendant Care Enhanced Payment

|   | Medicaid Only |         | Dual Eligible |           | Other | Grand Total |
|---|---------------|---------|---------------|-----------|-------|-------------|
|   | OCC           | HCBS    | OCC           | HCBS      |       |             |
| Cost Impact of Attendant Care Enhanced Payment Increase (1) |               |         |               |           |       |             |
| Bexar   | 97,520        | 45,481  | 162,234       | 126,038   | 0     | 431,274     |
| Dallas  | 88,021        | 34,004  | 144,418       | 114,940   | 0     | 381,383     |
| El Paso   | 30,346        | 8,795   | 145,073       | 36,251    | 0     | 220,465     |
| Harris  | 185,475       | 68,832  | 304,665       | 168,182   | 0     | 727,155     |
| Hidalgo   | 260,929       | 53,375  | 907,239       | 388,694   | 0     | 1,610,237   |
| Jefferson   | 16,469        | 9,474   | 31,391        | 39,646    | 0     | 96,980      |
| Lubbock   | 7,359         | 4,777   | 14,722        | 21,388    | 0     | 48,246      |
| Nueces  | 46,896        | 25,502  | 80,340        | 106,739   | 0     | 259,477     |
| Tarrant   | 36,801        | 18,495  | 59,176        | 59,490    | 0     | 173,962     |
| Travis  | 24,002        | 15,411  | 40,884        | 49,619    | 0     | 129,916     |
| Total   | 793,820       | 284,148 | 1,890,142     | 1,110,986 | 0     | 4,079,095   |

FY2013 Total Long Term Care Claims Paid (2)

|           |             |             |             |             |   |               |
|-----------|-------------|-------------|-------------|-------------|---|---------------|
| Bexar     | 36,232,819  | 21,659,710  | 63,498,670  | 58,358,788  | 0 | 179,749,988   |
| Dallas    | 34,778,063  | 17,257,965  | 56,686,061  | 52,977,472  | 0 | 161,699,560   |
| El Paso   | 12,007,687  | 3,646,892   | 57,686,881  | 15,432,208  | 0 | 88,773,667    |
| Harris    | 76,575,277  | 37,534,802  | 119,605,033 | 76,660,632  | 0 | 310,375,744   |
| Hidalgo   | 100,984,164 | 22,183,114  | 358,683,896 | 156,346,845 | 0 | 638,198,019   |
| Jefferson | 6,924,472   | 4,413,790   | 12,541,686  | 17,275,963  | 0 | 41,155,910    |
| Lubbock   | 2,930,350   | 2,408,683   | 5,973,768   | 9,374,298   | 0 | 20,687,099    |
| Nueces    | 18,142,811  | 10,759,989  | 31,800,689  | 44,913,848  | 0 | 105,617,337   |
| Tarrant   | 15,113,371  | 10,723,516  | 23,570,884  | 31,050,547  | 0 | 80,458,318    |
| Travis    | 10,650,833  | 7,398,270   | 16,201,476  | 22,447,799  | 0 | 56,698,377    |
| Total     | 314,339,845 | 137,986,731 | 746,249,045 | 484,838,398 | 0 | 1,683,414,019 |

Rate Adjustment Factor (3)

|           |       |       |       |       |       |       |
|-----------|-------|-------|-------|-------|-------|-------|
| Bexar     | 0.27% | 0.21% | 0.26% | 0.22% | 0.00% | 0.24% |
| Dallas    | 0.25% | 0.20% | 0.25% | 0.22% | 0.00% | 0.24% |
| El Paso   | 0.25% | 0.24% | 0.25% | 0.23% | 0.00% | 0.25% |
| Harris    | 0.24% | 0.18% | 0.25% | 0.22% | 0.00% | 0.23% |
| Hidalgo   | 0.26% | 0.24% | 0.25% | 0.25% | 0.00% | 0.25% |
| Jefferson | 0.24% | 0.21% | 0.25% | 0.23% | 0.00% | 0.24% |
| Lubbock   | 0.25% | 0.20% | 0.25% | 0.23% | 0.00% | 0.23% |
| Nueces    | 0.26% | 0.24% | 0.25% | 0.24% | 0.00% | 0.25% |
| Tarrant   | 0.24% | 0.17% | 0.25% | 0.19% | 0.00% | 0.22% |
| Travis    | 0.23% | 0.21% | 0.25% | 0.22% | 0.00% | 0.23% |
| Total     | 0.25% | 0.21% | 0.25% | 0.23% | 0.00% | 0.24% |

Footnotes

(1) Equals the cost impact resulting from enhancements to the attendant care reimbursement levels.

(2) Equals FY2013 health plan fee-for-service claims for all long term care services (from MCO reported data).

(3) Equals Cost Impact divided by FY2013 Total Long Term Care Claims Paid.

FY2015 STAR+PLUS Rating  
 Provider Reimbursement Adjustments  
 Electronic Visit Verification

|                        | Medicaid Only |            | Dual Eligible |             | Other   | Grand Total |
|------------------------|---------------|------------|---------------|-------------|---------|-------------|
|                        | OCC           | HCBS       | OCC           | HCBS        |         |             |
| Cost Impact of EVV (1) |               |            |               |             |         |             |
| Bexar                  | -1,404,826    | -663,864   | -2,378,049    | -1,866,129  | -4,186  | -6,317,055  |
| Dallas                 | -1,299,780    | -511,310   | -2,107,812    | -1,734,449  | -6,620  | -5,659,970  |
| El Paso                | -417,653      | -132,678   | -1,916,113    | -537,116    | -2,622  | -3,006,182  |
| Harris                 | -2,715,458    | -1,066,968 | -4,471,692    | -2,547,386  | -4,940  | -10,806,444 |
| Hidalgo                | -3,378,221    | -751,852   | -11,928,331   | -5,562,045  | -11,497 | -21,631,945 |
| Jefferson              | -243,862      | -144,306   | -472,365      | -601,917    | -1,372  | -1,463,822  |
| Lubbock                | -121,151      | -72,076    | -215,603      | -323,009    | -1,520  | -733,359    |
| Nueces                 | -631,692      | -370,029   | -1,100,766    | -1,571,162  | -667    | -3,674,316  |
| Tarrant                | -547,923      | -280,748   | -872,839      | -905,652    | -2,332  | -2,609,494  |
| Travis                 | -366,150      | -245,453   | -622,177      | -755,198    | -946    | -1,989,923  |
| Total                  | -11,126,715   | -4,239,285 | -26,085,746   | -16,404,063 | -36,702 | -57,892,511 |

FY2013 Total Long Term Care Claims Paid (2)

|           |             |             |             |             |   |               |
|-----------|-------------|-------------|-------------|-------------|---|---------------|
| Bexar     | 36,232,819  | 21,659,710  | 63,498,670  | 58,358,788  | 0 | 179,749,988   |
| Dallas    | 34,778,063  | 17,257,965  | 56,686,061  | 52,977,472  | 0 | 161,699,560   |
| El Paso   | 12,007,687  | 3,646,892   | 57,686,881  | 15,432,208  | 0 | 88,773,667    |
| Harris    | 76,575,277  | 37,534,802  | 119,605,033 | 76,660,632  | 0 | 310,375,744   |
| Hidalgo   | 100,984,164 | 22,183,114  | 358,683,896 | 156,346,845 | 0 | 638,198,019   |
| Jefferson | 6,924,472   | 4,413,790   | 12,541,686  | 17,275,963  | 0 | 41,155,910    |
| Lubbock   | 2,930,350   | 2,408,683   | 5,973,768   | 9,374,298   | 0 | 20,687,099    |
| Nueces    | 18,142,811  | 10,759,989  | 31,800,689  | 44,913,848  | 0 | 105,617,337   |
| Tarrant   | 15,113,371  | 10,723,516  | 23,570,884  | 31,050,547  | 0 | 80,458,318    |
| Travis    | 10,650,833  | 7,398,270   | 16,201,476  | 22,447,799  | 0 | 56,698,377    |
| Total     | 314,339,845 | 137,986,731 | 746,249,045 | 484,838,398 | 0 | 1,683,414,019 |

Rate Adjustment Factor (3)

|           |        |        |        |        |       |        |
|-----------|--------|--------|--------|--------|-------|--------|
| Bexar     | -3.88% | -3.06% | -3.75% | -3.20% | 0.00% | -3.51% |
| Dallas    | -3.74% | -2.96% | -3.72% | -3.27% | 0.00% | -3.50% |
| El Paso   | -3.48% | -3.64% | -3.32% | -3.48% | 0.00% | -3.39% |
| Harris    | -3.55% | -2.84% | -3.74% | -3.32% | 0.00% | -3.48% |
| Hidalgo   | -3.35% | -3.39% | -3.33% | -3.56% | 0.00% | -3.39% |
| Jefferson | -3.52% | -3.27% | -3.77% | -3.48% | 0.00% | -3.56% |
| Lubbock   | -4.13% | -2.99% | -3.61% | -3.45% | 0.00% | -3.55% |
| Nueces    | -3.48% | -3.44% | -3.46% | -3.50% | 0.00% | -3.48% |
| Tarrant   | -3.63% | -2.62% | -3.70% | -2.92% | 0.00% | -3.24% |
| Travis    | -3.44% | -3.32% | -3.84% | -3.36% | 0.00% | -3.51% |
| Total     | -3.54% | -3.07% | -3.50% | -3.38% | 0.00% | -3.44% |

Footnotes

(1) Equals the cost impact from application of 4% savings on PAS and PCS and 3.5% savings on PDN.

(2) Equals FY2013 health plan fee-for-service claims for all long term care services (from MCO reported data).

(3) Equals Cost Impact divided by FY2013 Total Long Term Care Claims Paid.



## *Attachment 8*

### End Stage Renal Disease and Ventilator Dependent Members

Effective September 1, 2013 STAR+PLUS HMOs were no longer permitted to disenroll members with end stage renal disease (ESRD) or members who are ventilator dependent. Transitioning these previously disenrolled members back to the STAR+PLUS program and preventing future disenrollment will increase the average cost as these tend to be high cost members. The adjustment factors were determined by collecting the fee-for-service claims incurred during the base period for all ESRD and ventilator dependent members who had been disenrolled from the STAR+PLUS program and determining the net increase on the base period. The attached exhibits present a summary of the adjustment factors for both acute care and long term care separately.

FY2015 STAR+PLUS Rating  
End Stage Renal Disease and Ventilator Dependent Re-enrollment  
Acute Care Adjustment

|  | Medicaid<br>Only | Dual<br>Eligible | Other | Grand Total |
|--|------------------|------------------|-------|-------------|
| Cost Impact of ESRD/vent member enrollment (1) |                  |                  |       |             |
| Bexar  | 852,091          | 2,500            | 0     | 854,590     |
| Dallas   | 642,444          | 7,154            | 0     | 649,598     |
| El Paso  | 38,496           | 0                | 0     | 38,496      |
| Harris   | 1,266,384        | 249              | 0     | 1,266,633   |
| Hidalgo  | 373,105          | 379              | 0     | 373,484     |
| Jefferson                                      | 135,134          | 0                | 0     | 135,134     |
| Lubbock  | 115,186          | 0                | 0     | 115,186     |
| Nueces   | 357,701          | 1,238            | 0     | 358,939     |
| Tarrant  | 0                | 0                | 0     | 0           |
| Travis   | 78,157           | 0                | 0     | 78,157      |
| Total  | 3,858,698        | 11,519           | 0     | 3,870,217   |

|   |             |   |           |             |
|---|-------------|---|-----------|-------------|
| FY2013 Total Acute Care Claims Paid (2) |             |   |           |             |
| Bexar                                   | 93,878,981  | 0 | 192,224   | 94,071,204  |
| Dallas                                  | 103,500,947 | 0 | 414,258   | 103,915,205 |
| El Paso                                 | 28,607,815  | 0 | 113,641   | 28,721,456  |
| Harris                                  | 223,725,853 | 0 | 376,116   | 224,101,969 |
| Hidalgo                                 | 89,813,665  | 0 | 429,158   | 90,242,823  |
| Jefferson                               | 36,281,282  | 0 | 63,002    | 36,344,284  |
| Lubbock                                 | 19,911,102  | 0 | 64,582    | 19,975,685  |
| Nueces                                  | 36,584,433  | 0 | 53,669    | 36,638,102  |
| Tarrant                                 | 73,228,935  | 0 | 238,479   | 73,467,414  |
| Travis                                  | 45,136,806  | 0 | 146,455   | 45,283,260  |
| Total                                   | 750,669,820 | 0 | 2,091,582 | 752,761,402 |

|                            |       |       |       |       |
|----------------------------|-------|-------|-------|-------|
| Rate Adjustment Factor (3) |       |       |       |       |
| Bexar                      | 0.91% | 0.00% | 0.00% | 0.91% |
| Dallas                     | 0.62% | 0.00% | 0.00% | 0.63% |
| El Paso                    | 0.13% | 0.00% | 0.00% | 0.13% |
| Harris                     | 0.57% | 0.00% | 0.00% | 0.57% |
| Hidalgo                    | 0.42% | 0.00% | 0.00% | 0.41% |
| Jefferson                  | 0.37% | 0.00% | 0.00% | 0.37% |
| Lubbock                    | 0.58% | 0.00% | 0.00% | 0.58% |
| Nueces                     | 0.98% | 0.00% | 0.00% | 0.98% |
| Tarrant                    | 0.00% | 0.00% | 0.00% | 0.00% |
| Travis                     | 0.17% | 0.00% | 0.00% | 0.17% |
| Total                      | 0.51% | 0.00% | 0.00% | 0.51% |

## Footnotes

(1) Equals the cost impact resulting from disallowing the disenrollment of ESRD/vent dependent members.

(2) Equals FY2013 health plan fee-for-service claims for all acute care services (from Encounter database).

Does not Include Inpatient services.

(3) Equals Cost Impact of ESRD/Vent reenrollment divided by FY2013 Total Acute Care Claims Paid.

FY2015 STAR+PLUS Rating  
End Stage Renal Disease and Ventilator Dependent Re-enrollment  
Long Term Care Adjustment

|  | Medicaid<br>Only | Dual<br>Eligible | Other | Grand Total |
|--|------------------|------------------|-------|-------------|
| Cost Impact of ESRD/vent member enrollment (1) |                  |                  |       |             |
| Bexar  | 63,854           | 14,664           | 0     | 78,518      |
| Dallas   | 5,173            | 0                | 0     | 5,173       |
| El Paso  | 0                | 0                | 0     | 0           |
| Harris   | 82,197           | 11,090           | 0     | 93,287      |
| Hidalgo  | 31,132           | 10,647           | 0     | 41,779      |
| Jefferson                                      | 0                | 0                | 0     | 0           |
| Lubbock  | 0                | 0                | 0     | 0           |
| Nueces   | 5,670            | 33,790           | 0     | 39,460      |
| Tarrant  | 0                | 0                | 0     | 0           |
| Travis   | 0                | 0                | 0     | 0           |
| Total  | 188,027          | 70,191           | 0     | 258,218     |

FY2013 Total Long Term Care Claims Paid (2)

|           |             |               |   |               |
|-----------|-------------|---------------|---|---------------|
| Bexar     | 57,892,529  | 121,857,458   | 0 | 179,749,988   |
| Dallas    | 52,036,027  | 109,663,533   | 0 | 161,699,560   |
| El Paso   | 15,654,578  | 73,119,089    | 0 | 88,773,667    |
| Harris    | 114,110,079 | 196,265,665   | 0 | 310,375,744   |
| Hidalgo   | 123,167,278 | 515,030,741   | 0 | 638,198,019   |
| Jefferson | 11,338,262  | 29,817,648    | 0 | 41,155,910    |
| Lubbock   | 5,339,033   | 15,348,066    | 0 | 20,687,099    |
| Nueces    | 28,902,800  | 76,714,536    | 0 | 105,617,337   |
| Tarrant   | 25,836,887  | 54,621,431    | 0 | 80,458,318    |
| Travis    | 18,049,103  | 38,649,274    | 0 | 56,698,377    |
| Total     | 452,326,576 | 1,231,087,442 | 0 | 1,683,414,019 |

Rate Adjustment Factor (3)

|           |       |       |       |       |
|-----------|-------|-------|-------|-------|
| Bexar     | 0.11% | 0.01% | 0.00% | 0.04% |
| Dallas    | 0.01% | 0.00% | 0.00% | 0.00% |
| El Paso   | 0.00% | 0.00% | 0.00% | 0.00% |
| Harris    | 0.07% | 0.01% | 0.00% | 0.03% |
| Hidalgo   | 0.03% | 0.00% | 0.00% | 0.01% |
| Jefferson | 0.00% | 0.00% | 0.00% | 0.00% |
| Lubbock   | 0.00% | 0.00% | 0.00% | 0.00% |
| Nueces    | 0.02% | 0.04% | 0.00% | 0.04% |
| Tarrant   | 0.00% | 0.00% | 0.00% | 0.00% |
| Travis    | 0.00% | 0.00% | 0.00% | 0.00% |
| Total     | 0.04% | 0.01% | 0.00% | 0.02% |

Footnotes

- (1) Equals the cost impact resulting from disallowing the disenrollment of ESRD/vent dependent members.  
(2) Equals FY2013 health plan fee-for-service claims for all long term care services (from MCO reported data).  
(3) Equals Cost Impact of ESRD/Vent reenrollment divided by FY2013 Total Long Term Care Claims Paid.

## *Attachment 9*

### Spell of Illness Adjustment

Effective September 1, 2013 STAR+PLUS health plans were permitted to impose the fee-for-service 30-day spell of illness limit on inpatient services provided to adults. Under the spell of illness limit, Medicaid payment is not made for inpatient services after a Medicaid client has had 30-days of aggregate inpatient care, whether consecutive or not. Payment resumes when a client has been out of the hospital for 60 consecutive days. There are two exceptions to the policy: (1) where there has been a prior approval for solid organ transplant; and (2) THSteps clients 20-years-of-age and younger for medically necessary treatment.

The attached exhibit presents a summary of the adjustment factors. The adjustment factors are based on FY2011 data due to limitations of the FY2012 data which was covered under fee-for-service during the first six months and managed care during the last six months.

FY2015 STAR+PLUS Rating  
 Inpatient Reimbursement Policy Change  
 Spell of Illness Implementation

|   | <u>Medicaid<br/>Only</u> | <u>Dual<br/>Eligible</u> | <u>Other</u> | <u>Grand Total</u> |
|---|--------------------------|--------------------------|--------------|--------------------|
| Estimated Cost Impact of Spell of Illness (1) |                          |                          |              |                    |
| Bexar   | -3,402,241               | 0                        | 0            | -3,402,241         |
| Dallas  | -1,659,004               | 0                        | 0            | -1,659,004         |
| El Paso                                       | -1,303,557               | 0                        | 0            | -1,303,557         |
| Harris  | -16,184,589              | 0                        | 0            | -16,184,589        |
| Hidalgo                                       | -5,790,321               | 0                        | 0            | -5,790,321         |
| Jefferson                                     | -2,411,734               | 0                        | 0            | -2,411,734         |
| Lubbock                                       | -1,213,948               | 0                        | 0            | -1,213,948         |
| Nueces  | -1,037,543               | 0                        | 0            | -1,037,543         |
| Tarrant                                       | -2,148,469               | 0                        | 0            | -2,148,469         |
| Travis  | -1,261,994               | 0                        | 0            | -1,261,994         |
| Total   | -36,413,399              | 0                        | 0            | -36,413,399        |
| FY2011 Total Inpatient Claims Paid (2)        |                          |                          |              |                    |
| Bexar   | 39,051,975               | 0                        | 0            | 39,051,975         |
| Dallas  | 22,650,878               | 0                        | 0            | 22,650,878         |
| El Paso                                       | 27,395,303               | 0                        | 0            | 27,395,303         |
| Harris  | 102,730,858              | 0                        | 0            | 102,730,858        |
| Hidalgo                                       | 74,411,587               | 0                        | 0            | 74,411,587         |
| Jefferson                                     | 37,016,484               | 0                        | 0            | 37,016,484         |
| Lubbock                                       | 26,263,026               | 0                        | 0            | 26,263,026         |
| Nueces  | 13,465,968               | 0                        | 0            | 13,465,968         |
| Tarrant                                       | 14,745,434               | 0                        | 0            | 14,745,434         |
| Travis  | 16,616,594               | 0                        | 0            | 16,616,594         |
| Total   | 374,348,109              | 0                        | 0            | 374,348,109        |
| Rate Adjustment Factor (3)                    |                          |                          |              |                    |
| Bexar   | -8.71%                   | 0.00%                    | 0.00%        | -8.71%             |
| Dallas  | -7.32%                   | 0.00%                    | 0.00%        | -7.32%             |
| El Paso                                       | -4.76%                   | 0.00%                    | 0.00%        | -4.76%             |
| Harris  | -15.75%                  | 0.00%                    | 0.00%        | -15.75%            |
| Hidalgo                                       | -7.78%                   | 0.00%                    | 0.00%        | -7.78%             |
| Jefferson                                     | -6.52%                   | 0.00%                    | 0.00%        | -6.52%             |
| Lubbock                                       | -4.62%                   | 0.00%                    | 0.00%        | -4.62%             |
| Nueces  | -7.70%                   | 0.00%                    | 0.00%        | -7.70%             |
| Tarrant                                       | -14.57%                  | 0.00%                    | 0.00%        | -14.57%            |
| Travis  | -7.59%                   | 0.00%                    | 0.00%        | -7.59%             |
| Total   | -9.73%                   | 0.00%                    | 0.00%        | -9.73%             |

## Footnotes

(1) Equals FY2011 claims denied under the spell of illness provisions.

(2) Equals FY2011 fee-for-service claims for all inpatient services (from TMHP).

(3) Equals Cost Impact of Policy Revision divided by FY2011 Total Inpatient Claims Paid.

## *Attachment 10*

### Acuity Risk Adjustment

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

The column titled Case Mix on the chart is the risk adjustment factor. It is the ratio of the predicted average cost of the individual health plan's membership divided by the predicted average cost of the entire service area's membership. The risk adjustment factor is applied to the acute care portion of the community rate for each health plan and risk group. If necessary, an additional adjustment was made to the risk adjusted community rates to ensure that, in total, they produce the same premium as the community rates.

**TEXAS STAR+PLUS CDPS SA/Health Plan Risk**

Reporting Period: Sep 1, 2012 to Aug 31, 2013

| STAR+PLUS                           |                     |                  |  |                        |          |             |
|-------------------------------------|---------------------|------------------|--|------------------------|----------|-------------|
| SDA/Health Plan                     | Number of Enrollees | Percent Affected | Actual PMPM Expenditures Based on Paid Amounts | Predicted PMPM Payment | Case Mix | Spend Ratio |
| <b>CDPS</b>                         |                     |                  |  |                        |          |             |
| <b>STAR+PLUS--Medicaid-Only OCC</b> | 174,277             | 100.00           | 1,018.87                                       | 1,018.87               | 1.00     | 1.00        |
| <b>Bexar</b>                        | 22,051              | 100.00           | 973.87   | 992.33                 | 1.00     | 0.98        |
| Amerigroup                          | 3,836               | 17.40            | 904.29   | 965.63                 | 0.97     | 0.94        |
| Molina Healthcare of Texas, Inc.    | 2,694               | 12.22            | 781.55   | 866.51                 | 0.87     | 0.90        |
| Superior HealthPlan                 | 15,521              | 70.39            | 1,024.84                                       | 1,021.00               | 1.03     | 1.00        |
| <b>Dallas</b>                       | 27,750              | 100.00           | 862.53   | 1,010.93               | 1.00     | 0.85        |
| Molina Healthcare of Texas, Inc.    | 15,024              | 54.14            | 875.08   | 1,010.05               | 1.00     | 0.87        |
| Superior HealthPlan                 | 12,726              | 45.86            | 847.50   | 1,011.98               | 1.00     | 0.84        |
| <b>El Paso</b>                      | 6,933               | 100.00           | 1,042.43                                       | 1,033.29               | 1.00     | 1.01        |
| Amerigroup                          | 4,401               | 63.48            | 995.07   | 1,030.83               | 1.00     | 0.97        |
| Molina Healthcare of Texas, Inc.    | 2,532               | 36.52            | 1,124.37                                       | 1,037.54               | 1.00     | 1.08        |
| <b>Harris</b>                       | 46,924              | 100.00           | 1,104.03                                       | 1,023.16               | 1.00     | 1.08        |
| Amerigroup                          | 22,095              | 47.09            | 1,059.80                                       | 968.55                 | 0.95     | 1.09        |
| Molina Healthcare of Texas, Inc.    | 7,072               | 15.07            | 1,063.21                                       | 915.93                 | 0.90     | 1.16        |
| UnitedHealthCare Community Plan     | 17,757              | 37.84            | 1,175.71                                       | 1,134.39               | 1.11     | 1.04        |
| <b>Hidalgo</b>                      | 22,167              | 100.00           | 1,127.29                                       | 1,007.44               | 1.00     | 1.12        |
| HealthSpring                        | 4,590               | 20.71            | 1,202.68                                       | 1,038.97               | 1.03     | 1.16        |
| Molina Healthcare of Texas, Inc.    | 4,389               | 19.80            | 1,031.80                                       | 972.79                 | 0.97     | 1.06        |
| Superior HealthPlan                 | 13,188              | 59.49            | 1,133.07                                       | 1,008.10               | 1.00     | 1.12        |
| <b>Jefferson</b>                    | 9,170               | 100.00           | 908.37   | 1,044.76               | 1.00     | 0.87        |
| Amerigroup                          | 4,364               | 47.59            | 812.29   | 979.42                 | 0.94     | 0.83        |
| Molina Healthcare of Texas, Inc.    | 3,534               | 38.54            | 976.65   | 1,058.57               | 1.01     | 0.92        |
| UnitedHealthCare Community Plan     | 1,272               | 13.87            | 1,053.29                                       | 1,239.14               | 1.19     | 0.85        |
| <b>Lubbock</b>                      | 5,142               | 100.00           | 898.76   | 1,057.68               | 1.00     | 0.85        |
| Amerigroup                          | 1,659               | 32.26            | 984.28   | 1,107.83               | 1.05     | 0.89        |
| Superior HealthPlan                 | 3,483               | 67.74            | 857.97   | 1,033.76               | 0.98     | 0.83        |
| <b>Nueces</b>                       | 8,361               | 100.00           | 1,025.92                                       | 1,048.72               | 1.00     | 0.98        |
| Superior HealthPlan                 | 5,464               | 65.35            | 1,029.26                                       | 1,074.83               | 1.02     | 0.96        |
| UnitedHealthCare Community Plan     | 2,897               | 34.65            | 1,019.69                                       | 999.94                 | 0.95     | 1.02        |
| <b>Tarrant</b>                      | 16,066              | 100.00           | 1,027.75                                       | 1,060.08               | 1.00     | 0.97        |
| Amerigroup                          | 12,701              | 79.06            | 1,054.86                                       | 1,092.80               | 1.03     | 0.97        |
| HealthSpring                        | 3,365               | 20.94            | 922.49   | 933.05                 | 0.88     | 0.99        |
| <b>Travis</b>                       | 9,713               | 100.00           | 1,036.42                                       | 958.24                 | 1.00     | 1.08        |
| Amerigroup                          | 5,962               | 61.38            | 1,053.70                                       | 971.43                 | 1.01     | 1.08        |
| UnitedHealthCare Community Plan     | 3,751               | 38.62            | 1,008.50                                       | 936.92                 | 0.98     | 1.08        |

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

**TEXAS STAR+PLUS CDPS SA/Health Plan Risk**

Reporting Period: Sep 1, 2012 to Aug 31, 2013

| STAR+PLUS                            |                     |                  |  |                        |          |             |
|--------------------------------------|---------------------|------------------|--|------------------------|----------|-------------|
| SDA/Health Plan                      | Number of Enrollees | Percent Affected | Actual PMPM Expenditures Based on Paid Amounts | Predicted PMPM Payment | Case Mix | Spend Ratio |
| <b>CDPS</b>                          |                     |                  |  |                        |          |             |
| <b>STAR+PLUS--Medicaid-Only HCBS</b> | 8,187               | 100.00           | 3,687.16                                       | 3,687.16               | 1.00     | 1.00        |
| <b>Bexar</b>                         | 1,330               | 100.00           | 3,516.91                                       | 3,538.34               | 1.00     | 0.99        |
| Amerigroup                           | 162                 | 12.18            | 3,493.83                                       | 3,508.40               | 0.99     | 1.00        |
| Molina Healthcare of Texas, Inc.     | 150                 | 11.28            | 2,841.38                                       | 3,118.35               | 0.88     | 0.91        |
| Superior HealthPlan                  | 1,018               | 76.54            | 3,619.16                                       | 3,604.40               | 1.02     | 1.00        |
| <b>Dallas</b>                        | 1,119               | 100.00           | 3,525.05                                       | 3,634.35               | 1.00     | 0.97        |
| Molina Healthcare of Texas, Inc.     | 719                 | 64.25            | 3,393.42                                       | 3,637.42               | 1.00     | 0.93        |
| Superior HealthPlan                  | 400                 | 35.75            | 3,760.59                                       | 3,628.86               | 1.00     | 1.04        |
| <b>El Paso</b>                       | 187                 | 100.00           | 4,059.34                                       | 3,908.74               | 1.00     | 1.04        |
| Amerigroup                           | 98                  | 52.41            | 3,934.71                                       | 4,107.14               | 1.05     | 0.96        |
| Molina Healthcare of Texas, Inc.     | 89                  | 47.59            | 4,199.01                                       | 3,686.39               | 0.94     | 1.14        |
| <b>Harris</b>                        | 2,238               | 100.00           | 4,072.90                                       | 3,994.30               | 1.00     | 1.02        |
| Amerigroup                           | 551                 | 24.62            | 4,199.68                                       | 4,390.12               | 1.10     | 0.96        |
| Molina Healthcare of Texas, Inc.     | 266                 | 11.89            | 4,808.26                                       | 4,084.43               | 1.02     | 1.18        |
| UnitedHealthCare Community Plan      | 1,421               | 63.49            | 3,887.44                                       | 3,823.81               | 0.96     | 1.02        |
| <b>Hidalgo</b>                       | 1,135               | 100.00           | 3,456.62                                       | 3,186.04               | 1.00     | 1.08        |
| HealthSpring                         | 260                 | 22.91            | 3,212.79                                       | 2,996.16               | 0.94     | 1.07        |
| Molina Healthcare of Texas, Inc.     | 143                 | 12.60            | 3,691.03                                       | 3,846.22               | 1.21     | 0.96        |
| Superior HealthPlan                  | 732                 | 64.49            | 3,497.99                                       | 3,126.15               | 0.98     | 1.12        |
| <b>Jefferson</b>                     | 291                 | 100.00           | 3,551.22                                       | 3,805.25               | 1.00     | 0.93        |
| Amerigroup                           | 108                 | 37.11            | 3,737.99                                       | 4,073.63               | 1.07     | 0.92        |
| Molina Healthcare of Texas, Inc.     | 139                 | 47.77            | 3,292.47                                       | 3,475.64               | 0.91     | 0.95        |
| UnitedHealthCare Community Plan      | 44                  | 15.12            | 3,923.83                                       | 4,204.69               | 1.10     | 0.93        |
| <b>Lubbock</b>                       | 175                 | 100.00           | 2,930.43                                       | 3,420.55               | 1.00     | 0.86        |
| Amerigroup                           | 58                  | 33.14            | 2,834.35                                       | 3,278.47               | 0.96     | 0.86        |
| Superior HealthPlan                  | 117                 | 66.86            | 2,978.40                                       | 3,491.48               | 1.02     | 0.85        |
| <b>Nueces</b>                        | 685                 | 100.00           | 3,418.89                                       | 3,554.44               | 1.00     | 0.96        |
| Superior HealthPlan                  | 447                 | 65.26            | 3,419.12                                       | 3,685.88               | 1.04     | 0.93        |
| UnitedHealthCare Community Plan      | 238                 | 34.74            | 3,418.46                                       | 3,307.25               | 0.93     | 1.03        |
| <b>Tarrant</b>                       | 615                 | 100.00           | 3,532.31                                       | 3,800.75               | 1.00     | 0.93        |
| Amerigroup                           | 536                 | 87.15            | 3,656.75                                       | 3,904.51               | 1.03     | 0.94        |
| HealthSpring                         | 79                  | 12.85            | 2,665.61                                       | 3,078.09               | 0.81     | 0.87        |
| <b>Travis</b>                        | 412                 | 100.00           | 4,136.34                                       | 4,012.68               | 1.00     | 1.03        |
| Amerigroup                           | 200                 | 48.54            | 4,012.40                                       | 4,191.95               | 1.04     | 0.96        |
| UnitedHealthCare Community Plan      | 212                 | 51.46            | 4,255.35                                       | 3,840.54               | 0.96     | 1.11        |

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



## **Attachment 11**

### **Medicaid Rural Service Area Expansion**

Effective September 1, 2014 the STAR+PLUS program will be expanded into the Medicaid Rural Service Area (MRSA) which includes 164 counties. The MRSA will be split into three separate areas: Central, Northeast and West. Since March 1, 2012 the acute care services for the MRSA have been covered under the Medicaid STAR program. During this time, long term care services and supports have continued to be covered under the fee-for-service (FFS) program.

The actuarial model used to derive the FY2015 (September 1, 2014 through August 31, 2015) MRSA SDA premium rates relies primarily on managed care (STAR) data for acute care services and FFS data for long term care services. The historical claims experience by risk group was analyzed and estimates for the base period (FY2013) were developed. These estimates were then projected forward to FY2015 using assumed trend rates. Adjustments to the claim costs were made to reflect benefit and provider reimbursement changes as well as anticipated differences in cost between the FFS and HMO models resulting from care management (managed care efficiency).

### **Base Period Data**

Claims data for FY2013 was used as the base period for developing the FY2015 premium rates. During this time period the acute care services for the Medicaid Only population were provided under the STAR program. This data was collected from the existing STAR HMOs and the analysis described in Attachment 2 was performed. Long term care services and supports continued to be provided by the Department of Aging and Disability Services (DADS) through the FFS program during the FY2013 base period. The long term care data was collected and estimates of the base period were developed.

### **Trend Factors**

The cost trend factors used in this analysis are a combination of utilization and inflation components. Separate trend factors were developed by type of service – acute care (inpatient and non inpatient combined) and long term care. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience under the various HMO plans in the current STAR+PLUS areas as described in Attachment 5. The trend assumptions are the average of the OCC and HCBS trends described in Attachment 5 to develop single trend assumptions by type of service for the Medicaid Only and Dual Eligible populations. The chart below presents the assumed annual trend rates for FY2014 and FY2015 by type of service.

|                           | <u>FY2014</u> | <u>FY2015</u> |
|---------------------------|---------------|---------------|
| <u>Acute Care</u>         |               |               |
| Medicaid Only <21         | 2.8%          | 2.6%          |
| Medicaid Only >21         | 2.8%          | 2.6%          |
| <br><u>Long Term Care</u> |               |               |
| Medicaid Only <21         | 7.2%          | 8.9%          |
| Medicaid Only >21         | 7.2%          | 8.9%          |
| Dual Eligible             | 3.1%          | 4.3%          |

### **Provider Reimbursement Adjustments**

The types of adjustments for benefit and provider reimbursement changes are the same as those detailed in Attachments 6 and 7. The rating adjustments for these provider reimbursement changes were calculated by applying actual health plan encounter data to the old and new reimbursement basis and the resulting impact determined. The acute care adjustments are based on the MRSA data for the existing STAR program. The long term care adjustments are based on the average adjustment for the existing STAR+PLUS areas with the exception of EVV. No EVV adjustment is necessary for the MRSA because EVV was implemented in the MRSA counties prior to the FY2013 base period used in developing the FY2015 rates and is therefore reflected in the existing claims data. Exhibit D presents a summary of the acute care adjustment factors. The long term care adjustment factors can be found in Attachment 7, Exhibits A and B.

### **Removal of Intellectual and Developmentally Disabled (IDD) Members**

Currently IDD members are managed under the STAR program in the MRSA only. Because these clients will have a separate risk group their acute care claims data must be removed from the base period data included in developing the FY2015 MRSA premium rates. Exhibit E presents a summary of the rate adjustment factors.

### **Managed Care Discount Factor**

Our rating analysis includes an assumption regarding the anticipated reduction in claims cost resulting from the implementation of managed care. In deriving the managed care efficiency factor, we relied upon experience from previous STAR+PLUS expansions. Additional managed care savings will not be achieved on the acute care portion of the claims since this portion of the cost is already managed under the STAR program. The estimated managed care savings for the long term care portion of the rate is 5%.

### ***OCC/HCBS Adjustment***

The base period experience data is categorized by dual eligible (eligible for both Medicare and Medicaid) and Medicaid-only status but does not further stratify the data between the OCC and HCBS risk groups. In order to develop capitation rates for the appropriate risk groups, an estimated HCBS to OCC ratio has been calculated. This ratio is based on the current relationship between the OCC and HCBS capitation rates in the current STAR+PLUS areas and varies by type of service – acute care and long term care. Exhibit F presents the derivation of this

adjustment and Exhibit G presents its application. It is estimated that 40% of the acute care rate is applicable to inpatient services.

### **Administrative Fees and Risk Margin**

The rating methodology includes the same provision for health plan administrative services, risk margin, and taxes as the existing STAR+PLUS program as described in Section IV. In addition to administrative fees the FY2015 MRSA rates include a provision for service coordination in the amount of \$13.60. This was determined based on the average service coordination expense reported for the existing STAR+PLUS population.

### **Risk Adjustment**

The acute care community rates have been adjusted for acuity differences based on the acuity analysis performed on the SSI population currently managed under the STAR program in the MRSA. Because the participating plans will be changing with the transition from STAR to STAR+PLUS the application of the risk adjustment factors in these areas requires assumptions regarding FY2015 enrollment distribution. We have assumed an enrollment distribution and applied acuity factors as described below:

1. Plans that currently serve and remain a participating MCO in an area are assumed to enroll 100% of their current membership and acuity scores.
2. If there are no new plans in a service area, membership (and its associated acuity) in departing plans is assumed to move to remaining plans in proportion to the remaining plan's current membership.
3. If there are new plans in a service area, membership (and its associated acuity) in departing plans is assumed to be evenly distributed among the remaining and new plans in the service area.

The acuity risk adjustment factors for STAR+PLUS MRSA expansion members are defined as those for the current STAR MRSA SSI population. Exhibit H provides the summary results for the acuity analysis performed for the existing SSI population managed under the STAR program.

### **Summary**

Exhibit A presents a summary of the FY2015 MRSA premiums split between non-inpatient, inpatient, long term care and prescription drugs. Exhibit B presents a summary of the acute care community rating exhibit for each service. Exhibit C presents a summary of the long term care community rating exhibit for each service.

## FY2015 STAR+PLUS MRSA Rating Summary

|   | Medicaid Only |          | Dual Eligible |          |
|---|---------------|----------|---------------|----------|
|   | OCC           | HCBS     | OCC           | HCBS     |
| FY2015 Total Premium Rates pmpm   |               |          |               |          |
| Superior - MRSA Central   | 975.48        | 3,135.84 | 192.30        | 1,171.09 |
| United - MRSA Central   | 904.18        | 2,945.72 | 192.30        | 1,171.09 |
| Health Spring - MRSA Northeast  | 1,020.00      | 3,432.51 | 260.89        | 1,588.82 |
| United - MRSA Northeast   | 1,020.00      | 3,432.51 | 260.89        | 1,588.82 |
| Amerigroup - MRSA West  | 982.82        | 3,254.32 | 234.01        | 1,425.13 |
| Superior - MRSA West  | 1,028.76      | 3,376.15 | 234.01        | 1,425.13 |
| FY2015 Acute Care (Non-Inpatient) Premium Rates pmpm (Community Rates with Risk Adjustment) |               |          |               |          |
| Superior - MRSA Central   | 344.53        | 1,054.27 | 0.00          | 0.00     |
| United - MRSA Central   | 317.25        | 970.77   | 0.00          | 0.00     |
| Health Spring - MRSA Northeast  | 337.94        | 1,034.10 | 0.00          | 0.00     |
| United - MRSA Northeast   | 337.94        | 1,034.10 | 0.00          | 0.00     |
| Amerigroup - MRSA West  | 334.35        | 1,023.11 | 0.00          | 0.00     |
| Superior - MRSA West  | 351.56        | 1,075.79 | 0.00          | 0.00     |
| FY2015 Acute Care (Inpatient) Premium Rates pmpm (Community Rates with Risk Adjustment)     |               |          |               |          |
| Superior - MRSA Central   | 230.11        | 694.92   | 0.00          | 0.00     |
| United - MRSA Central   | 211.88        | 639.89   | 0.00          | 0.00     |
| Health Spring - MRSA Northeast  | 225.70        | 681.62   | 0.00          | 0.00     |
| United - MRSA Northeast   | 225.70        | 681.62   | 0.00          | 0.00     |
| Amerigroup - MRSA West  | 223.30        | 674.39   | 0.00          | 0.00     |
| Superior - MRSA West  | 234.81        | 709.11   | 0.00          | 0.00     |
| FY2015 Long Term Care Premium Rates pmpm (Community Rates)                                  |               |          |               |          |
| Superior - MRSA Central   | 75.19         | 735.34   | 192.30        | 1,171.09 |
| United - MRSA Central   | 75.19         | 735.34   | 192.30        | 1,171.09 |
| Health Spring - MRSA Northeast  | 103.35        | 1,010.77 | 260.89        | 1,588.82 |
| United - MRSA Northeast   | 103.35        | 1,010.77 | 260.89        | 1,588.82 |
| Amerigroup - MRSA West  | 90.81         | 888.09   | 234.01        | 1,425.13 |
| Superior - MRSA West  | 90.81         | 888.09   | 234.01        | 1,425.13 |
| FY2015 Prescription Drug Premium Rates pmpm (Community Rates with Risk Adjustment)          |               |          |               |          |
| Superior - MRSA Central   | 325.65        | 651.31   | 0.00          | 0.00     |
| United - MRSA Central   | 299.86        | 599.72   | 0.00          | 0.00     |
| Health Spring - MRSA Northeast  | 353.01        | 706.02   | 0.00          | 0.00     |
| United - MRSA Northeast   | 353.01        | 706.02   | 0.00          | 0.00     |
| Amerigroup - MRSA West  | 334.36        | 668.73   | 0.00          | 0.00     |
| Superior - MRSA West  | 351.58        | 703.16   | 0.00          | 0.00     |

## FY2015 STAR+PLUS MRSA Rating Summary - Acute Care

|  | MRSA Central SDA |        | MRSA Northeast SDA |        | MRSA West SDA |        |
|--|------------------|--------|--------------------|--------|---------------|--------|
|  | Amount           | pmpm   | Amount             | pmpm   | Amount        | pmpm   |
| FY2013 Experience Period                                   |                  |        |                    |        |               |        |
| Member Months  | 165,940          |        | 257,423            |        | 186,702       |        |
| Estimated Incurred Claims                                  | 83,275,669       | 501.84 | 129,733,832        | 503.97 | 95,987,792    | 514.12 |
| Projected FY2015 Member Months                             | 180,741          |        | 278,261            |        | 200,473       |        |
| Projected FY2015 Premium<br>at current rates including DSP | 106,697,476      | 590.33 | 164,115,481        | 589.79 | 114,271,372   | 570.01 |
| Annual Cost Trend Assumptions                              |                  |        |                    |        |               |        |
| FY2014   | 2.8 %            |        | 2.8 %              |        | 2.8 %         |        |
| FY2015   | 2.6 %            |        | 2.6 %              |        | 2.6 %         |        |
| Provider Reimbursement Adjustment                          |                  | 0.9939 |                    | 0.9953 |               | 0.9972 |
| Other Reimbursement Changes                                |                  | 1.0296 |                    | 1.0270 |               | 1.0362 |
| Inpatient Reimbursement Changes                            |                  | 1.0073 |                    | 1.0059 |               | 0.9975 |
| Out-of-Network Adjustment                                  |                  | 1.0000 |                    | 1.0000 |               | 1.0000 |
| Projected Incurred Claims                                  | 98,613,159       | 545.60 | 152,082,098        | 546.54 | 112,047,238   | 558.92 |
| Capitation Expenses & Refunds                              | 246,328          | 1.36   | 426,168            | 1.53   | 328,940       | 1.64   |
| Net Reinsurance Cost                                       | 48,180           | 0.27   | 16,790             | 0.06   | 68,561        | 0.34   |
| Administrative Expenses                                    |                  |        |                    |        |               |        |
| Fixed Amount   | 2,575,563        | 14.25  | 3,965,220          | 14.25  | 2,856,734     | 14.25  |
| Percentage of Premium                                      | 6,448,576        | 5.75%  | 9,943,902          | 5.75%  | 7,326,612     | 5.75%  |
| Total  | 9,024,139        | 49.93  | 13,909,122         | 49.99  | 10,183,346    | 50.80  |
| Risk Margin  | 2,242,983        | 2.00%  | 3,458,748          | 2.00%  | 2,548,387     | 2.00%  |
| Premium Tax  | 1,962,610        | 1.75%  | 3,026,405          | 1.75%  | 2,229,838     | 1.75%  |
| Maintenance Tax  | 11,748           | 0.07   | 18,087             | 0.07   | 13,031        | 0.07   |
| Projected Total Cost                                       | 112,149,147      | 620.50 | 172,937,418        | 621.49 | 127,419,342   | 635.59 |
| Experience Rate Increase                                   |                  | 5.1%   |                    | 5.4%   |               | 11.5%  |

FY2015 STAR+PLUS MRSA Rating Summary - Long Term Care  
MRSA Central

|  | Dual Eligible | Medicaid Only |            | Total      | Total      |
|--|---------------|---------------|------------|------------|------------|
|  |               | <21           | >21        |            |            |
| Experience Period 9/2012-8/2013                        |               |               |            |            |            |
| Member Months  |               |               |            |            |            |
| Fee-For-Service  | 227,219       | 76,942        | 22,636     | 99,578     | 326,797    |
| Managed Care   | 0             | 30,265        | 135,675    | 165,940    | 165,940    |
| Total  | 227,219       | 107,207       | 158,311    | 265,518    | 492,737    |
| Estimated Incurred Claims - Long Term Care             | 38,415,912    | 4,910,137     | 11,526,859 | 16,436,995 | 54,852,907 |
| % Enrolled in Nursing Facility                         | 36.6%         | 7.1%          | 7.1%       | 7.1%       |            |
| pmpm   | 266.59        | 49.28         | 78.35      | 66.61      | 158.83     |
| Projected FY2015 Member Months in STAR+PLUS            | 180,188       | 34,510        | 146,231    | 180,741    | 360,929    |
| Long Term Care Trend                                   |               |               |            |            |            |
| FY2014   | 3.1%          | 7.2%          | 7.2%       | 7.2%       |            |
| FY2015   | 4.3%          | 8.9%          | 8.9%       | 8.9%       |            |
| Provider Reimbursement Adjustment                      | 1.0419        | 1.0459        | 1.0459     | 1.0459     |            |
| Projected FY2015 Incurred Claims pmpm - Long Term Care | 298.68        | 60.18         | 95.66      | 88.89      | 193.63     |
| Managed Care Efficiency Factor - Long Term Care        | 5.0%          | 5.0%          | 5.0%       | 5.0%       |            |
| Projected STAR+PLUS Incurred Claims                    |               |               |            |            |            |
| Long Term Care   | 283.75        | 57.17         | 90.88      | 84.44      | 183.94     |
| Care Coordination                                      | 13.60         | 13.60         | 13.60      | 13.60      |            |
| Administrative Expense                                 |               |               |            |            |            |
| Fixed Amount (pmpm)                                    | 14.25         | 0.00          | 0.00       |            |            |
| Percentage of Premium                                  | 5.75%         | 5.75%         | 5.75%      |            |            |
| Risk Margin  | 2.00%         | 2.00%         | 2.00%      |            |            |
| Premium Tax  | 1.75%         | 1.75%         | 1.75%      |            |            |
| Maintenance Tax  | 0.00          | 0.00          | 0.00       |            |            |
| Projected Total Cost - Long Term Care                  | 344.31        | 78.20         | 115.45     | 108.34     | 226.14     |

FY2015 STAR+PLUS MRSA Rating Summary - Long Term Care  
MRSA Northeast

|  | Dual Eligible | Medicaid Only |            | Total      | Total       |
|--|---------------|---------------|------------|------------|-------------|
|  |               | <21           | >21        |            |             |
| Experience Period 9/2012-8/2013                        |               |               |            |            |             |
| Member Months  |               |               |            |            |             |
| Fee-For-Service  | 353,698       | 105,270       | 34,361     | 139,631    | 493,329     |
| Managed Care   | 0             | 37,827        | 219,596    | 257,423    | 257,423     |
| Total  | 353,698       | 143,097       | 253,957    | 397,054    | 750,752     |
| Estimated Incurred Claims - Long Term Care             | 90,012,941    | 11,764,818    | 24,369,572 | 36,134,391 | 126,147,332 |
| % Enrolled in Nursing Facility                         | 31.4%         | 10.2%         | 10.2%      | 10.2%      |             |
| pmpm   | 371.02        | 91.55         | 106.86     | 101.34     | 228.39      |
| Projected FY2015 Member Months in STAR+PLUS            | 277,850       | 43,575        | 234,686    | 278,261    | 556,111     |
| Long Term Care Trend                                   |               |               |            |            |             |
| FY2014   | 3.1%          | 7.2%          | 7.2%       | 7.2%       |             |
| FY2015   | 4.3%          | 8.9%          | 8.9%       | 8.9%       |             |
| Provider Reimbursement Adjustment                      | 1.0419        | 1.0459        | 1.0459     | 1.0459     |             |
| Projected FY2015 Incurred Claims pmpm - Long Term Care | 415.68        | 111.78        | 130.47     | 127.55     | 271.51      |
| Managed Care Efficiency Factor - Long Term Care        | 5.0%          | 5.0%          | 5.0%       | 5.0%       |             |
| Projected STAR+PLUS Incurred Claims                    |               |               |            |            |             |
| Long Term Care   | 394.90        | 106.20        | 123.95     | 121.17     | 257.93      |
| Care Coordination                                      | 13.60         | 13.60         | 13.60      | 13.60      |             |
| Administrative Expense                                 |               |               |            |            |             |
| Fixed Amount (pmpm)                                    | 14.25         | 0.00          | 0.00       |            |             |
| Percentage of Premium                                  | 5.75%         | 5.75%         | 5.75%      |            |             |
| Risk Margin  | 2.00%         | 2.00%         | 2.00%      |            |             |
| Premium Tax  | 1.75%         | 1.75%         | 1.75%      |            |             |
| Maintenance Tax  | 0.00          | 0.00          | 0.00       |            |             |
| Projected Total Cost - Long Term Care                  | 467.13        | 132.37        | 151.99     | 148.92     | 307.90      |

FY2015 STAR+PLUS MRSA Rating Summary - Long Term Care  
MRSA West

|  | Dual Eligible | Medicaid Only |            | Total      | Total      |
|--|---------------|---------------|------------|------------|------------|
|  |               | <21           | >21        |            |            |
| Experience Period 9/2012-8/2013                        |               |               |            |            |            |
| Member Months  |               |               |            |            |            |
| Fee-For-Service  | 334,167       | 73,360        | 28,094     | 101,454    | 435,621    |
| Managed Care   | 0             | 25,635        | 161,067    | 186,702    | 186,702    |
| Total  | 334,167       | 98,995        | 189,161    | 288,156    | 622,323    |
| Estimated Incurred Claims - Long Term Care             | 77,598,981    | 4,045,248     | 16,600,848 | 20,646,097 | 98,245,078 |
| % Enrolled in Nursing Facility                         | 29.7%         | 10.6%         | 10.6%      | 10.6%      |            |
| pmpm   | 330.10        | 45.70         | 98.14      | 80.12      | 214.35     |
| Projected FY2015 Member Months in STAR+PLUS            | 260,969       | 29,739        | 170,734    | 200,473    | 461,442    |
| Long Term Care Trend                                   |               |               |            |            |            |
| FY2014   | 3.1%          | 7.2%          | 7.2%       | 7.2%       |            |
| FY2015   | 4.3%          | 8.9%          | 8.9%       | 8.9%       |            |
| Provider Reimbursement Adjustment                      | 1.0419        | 1.0459        | 1.0459     | 1.0459     |            |
| Projected FY2015 Incurred Claims pmpm - Long Term Care | 369.84        | 55.79         | 119.83     | 110.33     | 257.09     |
| Managed Care Efficiency Factor - Long Term Care        | 5.0%          | 5.0%          | 5.0%       | 5.0%       |            |
| Projected STAR+PLUS Incurred Claims                    |               |               |            |            |            |
| Long Term Care   | 351.35        | 53.00         | 113.84     | 104.81     | 244.24     |
| Care Coordination                                      | 13.60         | 13.60         | 13.60      | 13.60      |            |
| Administrative Expense                                 |               |               |            |            |            |
| Fixed Amount (pmpm)                                    | 14.25         | 0.00          | 0.00       |            |            |
| Percentage of Premium                                  | 5.75%         | 5.75%         | 5.75%      |            |            |
| Risk Margin  | 2.00%         | 2.00%         | 2.00%      |            |            |
| Premium Tax  | 1.75%         | 1.75%         | 1.75%      |            |            |
| Maintenance Tax  | 0.00          | 0.00          | 0.00       |            |            |
| Projected Total Cost - Long Term Care                  | 419.00        | 73.60         | 140.81     | 130.84     | 293.81     |



FY2015 STAR+PLUS MRSA Rating  
 Provider Reimbursement Adjustments

|                                  | <u>MRSA<br/>Central</u> | <u>MRSA<br/>Northeast</u> | <u>MRSA West</u> |
|----------------------------------|-------------------------|---------------------------|------------------|
| Estimated Cost Impact (1)        |                         |                           |                  |
| Therapy                          | -38,019                 | -30,850                   | -19,926          |
| Outpatient Hospital              | -342,644                | -506,236                  | -202,954         |
| ER - 36 Hour Visits              | -8,450                  | -12,413                   | -8,980           |
| ER - Flat Fee                    | -27,286                 | -45,881                   | -17,458          |
| Ambulance                        | -133,664                | -200,148                  | -152,071         |
| Outpatient Imaging               | -455,820                | -1,030,259                | -1,336,707       |
| Medicaid Excess of Medicare      | -2,911                  | -3,464                    | -3,287           |
| MH Rehab                         | 1,729,890               | 2,974,276                 | 3,170,531        |
| APR DRG Rebasing                 | 676,343                 | 1,121,386                 | -9,015           |
| Outlier                          | -7,208                  | -1,700                    | -15,606          |
| PPR                              | -70,297                 | -104,728                  | -55,967          |
| PPC                              | -104,018                | -276,073                  | -143,945         |
| <br>                             |                         |                           |                  |
| FY2013 Total Incurred Claims (2) | 68,317,424              | 125,998,386               | 90,146,302       |
| <br>                             |                         |                           |                  |
| Rate Adjustment (3)              |                         |                           |                  |
| Therapy                          | -0.06%                  | -0.02%                    | -0.02%           |
| Outpatient Hospital              | -0.50%                  | -0.40%                    | -0.23%           |
| ER - 36 Hour Visits              | -0.01%                  | -0.01%                    | -0.01%           |
| ER - Flat Fee                    | -0.04%                  | -0.04%                    | -0.02%           |
| Ambulance                        | -0.20%                  | -0.16%                    | -0.17%           |
| Outpatient Imaging               | -0.67%                  | -0.82%                    | -1.48%           |
| Medicaid Excess of Medicare      | 0.00%                   | 0.00%                     | 0.00%            |
| MH Rehab                         | 2.53%                   | 2.36%                     | 3.52%            |
| APR DRG Rebasing                 | 0.99%                   | 0.89%                     | -0.01%           |
| Outlier                          | -0.01%                  | 0.00%                     | -0.02%           |
| PPR                              | -0.10%                  | -0.08%                    | -0.06%           |
| PPC                              | -0.15%                  | -0.22%                    | -0.16%           |

## Footnotes:

- (1) Equals the cost adjustment resulting from each provider reimbursement change.  
 (2) Equals FY2013 health plan fee-for-service claims for all services (ICHP provided encounter data).  
 (3) Additional cost divided by FY2013 Total Incurred Claims.

FY2015 STAR+PLUS MRSA Rating  
IDD Adjustment

|                         | <u>MRSA<br/>Central</u> | <u>MRSA<br/>Northeast</u> | <u>MRSA<br/>West</u> |
|-------------------------|-------------------------|---------------------------|----------------------|
| Average Claims PMPM (1) |                         |                           |                      |
| Non-IDD Clients         | 495.15                  | 495.26                    | 490.18               |
| IDD Clients             | 351.74                  | 303.76                    | 328.87               |
| All Clients             | 488.80                  | 488.79                    | 481.68               |
| Adjustment Factor (2)   | 1.0130                  | 1.0132                    | 1.0177               |

(1) Average claims incurred and paid through November, 2013.

(2) Ratio of Non-IDD clients to All clients.

FY2015 STAR+PLUS MRSA Rating  
OCC/HCBS Ratio

|                                | Medicaid Only |          |           | Dual Eligible |          |           |
|--------------------------------|---------------|----------|-----------|---------------|----------|-----------|
|                                | OCC           | HCBS     | Ratio (2) | OCC           | HCBS     | Ratio (2) |
| Acute Care - Non Inpatient (1) |               |          |           |               |          |           |
| FY2010                         | 454.65        | 1,412.40 | 3.11      | 0.00          | 0.00     | 0.00      |
| FY2011                         | 482.00        | 1,585.96 | 3.29      | 0.00          | 0.00     | 0.00      |
| FY2012                         | 461.89        | 1,550.92 | 3.36      | 0.00          | 0.00     | 0.00      |
| FY2013                         | 468.35        | 1,335.36 | 2.85      | 0.00          | 0.00     | 0.00      |
| FY2014                         | 408.90        | 1,092.12 | 2.67      | 0.00          | 0.00     | 0.00      |
| Average (3)                    |               |          | 3.06      |               |          | 0.00      |
| Long Term Care (1)             |               |          |           |               |          |           |
| FY2010                         | 131.44        | 1,748.37 | 13.30     | 252.80        | 1,705.38 | 6.75      |
| FY2011                         | 150.94        | 1,501.46 | 9.95      | 247.46        | 1,602.82 | 6.48      |
| FY2012                         | 164.68        | 1,531.88 | 9.30      | 254.64        | 1,580.34 | 6.21      |
| FY2013                         | 191.08        | 1,499.27 | 7.85      | 286.83        | 1,621.78 | 5.65      |
| FY2014                         | 192.77        | 1,636.02 | 8.49      | 293.04        | 1,576.18 | 5.38      |
| Average (3)                    |               |          | 9.78      |               |          | 6.09      |
| Acute Care - Inpatient (4)     | 213.60        | 644.55   | 3.02      | 0.00          | 0.00     | 0.00      |

## Footnotes

- (1) Average Community rate across all existing STAR+PLUS areas.  
(2) Ratio of HCBS premium to OCC premium.  
(3) Five year average ratio of HCBS to OCC premium.  
(4) Average FY2013 estimated incurred claims.

## FY2015 STAR+PLUS MRSA Rating

|                                  | Medicaid Only |          |           | Dual Eligible |          |           |
|----------------------------------|---------------|----------|-----------|---------------|----------|-----------|
|                                  | OCC           | HCBS     | Total (1) | OCC           | HCBS     | Total (1) |
| <b>Projected Caseload</b>        |               |          |           |               |          |           |
| MRSA Central                     | 171,666       | 9,076    | 180,741   | 152,203       | 27,984   | 180,188   |
| MRSA Northeast                   | 264,289       | 13,972   | 278,261   | 234,698       | 43,152   | 277,850   |
| MRSA West                        | 190,406       | 10,066   | 200,473   | 220,439       | 40,530   | 260,969   |
| <b>CBA/OCC Ratio (2)</b>         |               |          |           |               |          |           |
| Acute Care (Non Inpatient)       |               | 306%     |           |               |          |           |
| Acute Care (Inpatient)           |               | 302%     |           |               |          |           |
| Long Term Care                   |               | 978%     |           |               | 609%     |           |
| <b>FY2015 Community Rate (3)</b> |               |          |           |               |          |           |
| <u>MRSA Central</u>              |               |          |           |               |          |           |
| Acute Care (Non Inpatient)       | 337.40        | 1,032.44 | 372.30    |               |          |           |
| Acute Care (Inpatient)           | 225.34        | 680.53   | 248.20    |               |          |           |
| Long Term Care                   | 75.19         | 735.34   | 108.34    | 192.30        | 1,171.09 | 344.31    |
| Total                            | 637.93        | 2,448.30 |           | 192.30        | 1,171.09 |           |
| <u>MRSA Northeast</u>            |               |          |           |               |          |           |
| Acute Care (Non Inpatient)       | 337.94        | 1,034.10 | 372.90    |               |          |           |
| Acute Care (Inpatient)           | 225.70        | 681.63   | 248.60    |               |          |           |
| Long Term Care                   | 103.35        | 1,010.77 | 148.92    | 260.89        | 1,588.82 | 467.13    |
| Total                            | 666.99        | 2,726.49 |           | 260.89        | 1,588.82 |           |
| <u>MRSA West</u>                 |               |          |           |               |          |           |
| Acute Care (Non Inpatient)       | 345.61        | 1,057.56 | 381.36    |               |          |           |
| Acute Care (Inpatient)           | 230.83        | 697.09   | 254.24    |               |          |           |
| Long Term Care                   | 90.81         | 888.09   | 130.84    | 234.01        | 1,425.13 | 419.00    |
| Total                            | 667.24        | 2,642.75 |           | 234.01        | 1,425.13 |           |

## Footnotes

(1) From Exhibit B and C.

(2) From Exhibit F

(3) Community rate distributed between OCC and HCBS risk groups based on projected caseload and HCBS/OCC Ratio

**TEXAS STAR MCO CDPS SA/Health Plan Risk**

Reporting Period: Sep 1, 2012 to Aug 31, 2013

| STAR MCO                            |                     |                  |  |                        |          |             |
|-------------------------------------|---------------------|------------------|--|------------------------|----------|-------------|
| SA/Health Plan                      | Number of Enrollees | Percent Affected | Actual PMPM Expenditures Based on Paid Amounts | Predicted PMPM Payment | Case Mix | Spend Ratio |
| <b>CDPS</b>                         |                     |                  |  |                        |          |             |
| <b>TEXAS STAR MCO (SSI in MRSA)</b> | 51,294              | 100.00           | 774.43   | 774.43                 | 1.00     | 1.00        |
| <b>MRSA Central</b>                 | 13,937              | 100.00           | 696.19   | 755.68                 | 1.00     | 0.92        |
| Amerigroup                          | 3,072               | 22.04            | 722.72   | 644.47                 | 0.85     | 1.12        |
| RightCare from Scott & White Health | 4,168               | 29.91            | 519.47   | 758.18                 | 1.00     | 0.69        |
| Superior HealthPlan                 | 6,697               | 48.05            | 793.54   | 805.11                 | 1.07     | 0.99        |
| <b>MRSA Northeast</b>               | 21,648              | 100.00           | 814.05   | 796.99                 | 1.00     | 1.02        |
| Amerigroup                          | 8,832               | 40.80            | 840.19   | 795.70                 | 1.00     | 1.06        |
| Superior HealthPlan                 | 12,816              | 59.20            | 796.00   | 797.88                 | 1.00     | 1.00        |
| <b>MRSA West</b>                    | 15,709              | 100.00           | 789.16   | 759.97                 | 1.00     | 1.04        |
| Amerigroup                          | 3,215               | 20.47            | 741.60   | 700.11                 | 0.92     | 1.06        |
| FirstCare                           | 6,565               | 41.79            | 817.92   | 785.11                 | 1.03     | 1.04        |
| Superior HealthPlan                 | 5,929               | 37.74            | 782.87   | 764.36                 | 1.01     | 1.02        |

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

## Attachment 12

### Intellectual and Developmentally Disabled (IDD) Expansion

Effective September 1, 2014 IDD individuals who were previously excluded from STAR+PLUS will be carved into the program. Individuals under the age of 21 will be voluntary while members age 21 and older will be mandatory. Prior to September 1, 2014 IDD members were excluded from managed care with the exception of those individuals living in the Medicaid Rural Service Areas (MRSA). These IDD members in the MRSA were covered under the STAR program. The STAR+PLUS benefits provided to the IDD population will be limited to acute care services only. The long term care services and supports will continue to be carved out and paid on a fee-for-service (FFS) basis.

The actuarial model used to develop the IDD premium rates relies on FY2013 FFS data for IDD members residing in the non-MRSA and managed care data for members residing in the MRSA areas. Below is a description of the trend, benefit and provider reimbursement adjustments, managed care discount and administrative provisions included in the IDD rates.

#### Trend Factors

The trend assumptions are the same as the OCC acute care trend assumptions described in Attachment 5. The chart below presents the assumed annual trend rates for FY2014 and FY2015 by area and type of service.

|               | <u>FY2014</u> | <u>FY2015</u> |
|---------------|---------------|---------------|
| Non-Inpatient | 2.9%          | 2.6%          |
| Inpatient     | 2.9%          | 2.9%          |

#### Provider Reimbursement Adjustment

The types of adjustments for benefit and provider reimbursement changes are the same as those detailed in Attachment 6 for the non-MRSA and Attachment 11 Exhibit D for the MRSA. The adjustment factors used for the IDD rate development are the SDA average of the factors used in developing the STAR+PLUS rates as previously described. For the non-MRSA no adjustment is necessary for the carve-in of mental health rehabilitation and targeted case management since these claims have been included in the FFS base claims data. Exhibit C presents a summary of the adjustment factors.

#### Managed Care Discount Factor

It is assumed that moving the IDD population from FFS to managed care will result in a certain level of managed care savings. The first step was to determine the breakeven discount factor such that the gross cost under the STAR+PLUS model (including administrative expenses and risk margin) would be the same as the projected FY2015 gross cost under the FFS model.

To determine the managed care efficiency factor necessary in order to satisfy our breakeven cost requirement, we must solve the following equation for X.

$$\text{\$616.55 pmpm} = \frac{\text{\$616.55 pmpm} (1-X) + \text{\$14.25 pmpm}}{(1 - 5.75\% - 2.0\%)}$$

Therefore, in order for the gross cost under the STAR+PLUS model to be the same as the projected gross cost under the FFS model, the FFS claims cost would need to be discounted by 10.1%.

The discount factor applied for the FY2015 rates was then set at 50% of this breakeven level. The full breakeven savings has not been assumed in the first year for a variety of reasons including: (1) the sensitive nature of the population being managed (2) managed care organizations required to honor existing prior authorizations and (3) significant traditional providers must be included in managed care networks. It is accepted that over time the managed care efficiencies will increase and eventually exceed the breakeven level.

The assumed discount is 5% and only applied to the non-MRSA. Individuals residing in the MRSA were managed under the STAR program during the FY2013 base period and thus the historical data already reflects managed care savings.

### **Administrative Fees and Risk Margin**

The rating methodology includes the same provision for health plan administrative services, risk margin, and taxes as the existing STAR+PLUS program as described in Section IV. In addition to administrative fees the FY2015 IDD rates include a provision for service coordination in the amount of \$13.60. This was determined based on the average service coordination expense reported for the existing STAR+PLUS population.

### **Summary**

Exhibit A presents a summary of the FY2015 premiums split between non-inpatient, inpatient and prescription drugs. Exhibit B presents a summary of the community rating exhibit for each service area. FY2015 premium rates will vary between service delivery areas and age group (under age 21 and age 21 and over) but will be the same for all health plans within a given area.

## FY2015 STAR+PLUS IDD Rating Summary

| Health Plan                     | <u>Under<br/>Age 21</u> | <u>Ages<br/>21 and Over</u> |
|---------------------------------|-------------------------|-----------------------------|
| FY2015 Total Premium Rates pmpm |                         |                             |
| Amerigroup - Bexar              | 2,066.26                | 872.39                      |
| Molina - Bexar                  | 2,066.26                | 872.39                      |
| Superior - Bexar                | 2,066.26                | 872.39                      |
| Molina - Dallas                 | 1,977.91                | 709.39                      |
| Superior - Dallas               | 1,977.91                | 709.39                      |
| Amerigroup - El Paso            | 1,826.29                | 1,017.34                    |
| Molina - El Paso                | 1,826.29                | 1,017.34                    |
| Amerigroup - Harris             | 2,191.65                | 923.76                      |
| Molina - Harris                 | 2,191.65                | 923.76                      |
| United - Harris                 | 2,191.65                | 923.76                      |
| HealthSpring - Hidalgo          | 3,167.03                | 964.64                      |
| Molina - Hidalgo                | 3,167.03                | 964.64                      |
| Superior - Hidalgo              | 3,167.03                | 964.64                      |
| Amerigroup - Jefferson          | 1,888.61                | 702.54                      |
| Molina - Jefferson              | 1,888.61                | 702.54                      |
| United - Jefferson              | 1,888.61                | 702.54                      |
| Amerigroup - Lubbock            | 2,111.99                | 834.83                      |
| Superior - Lubbock              | 2,111.99                | 834.83                      |
| Superior - Nueces               | 1,372.76                | 1,042.07                    |
| United - Nueces                 | 1,372.76                | 1,042.07                    |
| Amerigroup - Tarrant            | 1,408.78                | 805.25                      |
| HealthSpring - Tarrant          | 1,408.78                | 805.25                      |
| Amerigroup - Travis             | 1,913.35                | 894.24                      |
| United - Travis                 | 1,913.35                | 894.24                      |
| Superior - MRSA Central         | 1,268.08                | 850.60                      |
| United - MRSA Central           | 1,268.08                | 850.60                      |
| Health Spring - MRSA Northeast  | 1,034.20                | 826.33                      |
| United - MRSA Northeast         | 1,034.20                | 826.33                      |
| Amerigroup - MRSA West          | 1,092.54                | 865.75                      |
| Superior - MRSA West            | 1,092.54                | 865.75                      |



## FY2015 STAR+PLUS IDD Rating Summary

| Health Plan                             | <u>Under<br/>Age 21</u> | <u>Ages<br/>21 and Over</u> |
|---|-------------------------|-----------------------------|
| FY2015 Non-inpatient Premium Rates pmpm |                         |                             |
| Amerigroup - Bexar                      | 1,449.04                | 257.28                      |
| Molina - Bexar                          | 1,449.04                | 257.28                      |
| Superior - Bexar                        | 1,449.04                | 257.28                      |
| Molina - Dallas                         | 1,341.19                | 200.77                      |
| Superior - Dallas                       | 1,341.19                | 200.77                      |
| Amerigroup - El Paso                    | 1,455.75                | 350.75                      |
| Molina - El Paso                        | 1,455.75                | 350.75                      |
| Amerigroup - Harris                     | 1,494.78                | 275.31                      |
| Molina - Harris                         | 1,494.78                | 275.31                      |
| United - Harris                         | 1,494.78                | 275.31                      |
| HealthSpring - Hidalgo                  | 2,358.07                | 352.24                      |
| Molina - Hidalgo                        | 2,358.07                | 352.24                      |
| Superior - Hidalgo                      | 2,358.07                | 352.24                      |
| Amerigroup - Jefferson                  | 1,288.06                | 211.85                      |
| Molina - Jefferson                      | 1,288.06                | 211.85                      |
| United - Jefferson                      | 1,288.06                | 211.85                      |
| Amerigroup - Lubbock                    | 1,449.28                | 245.85                      |
| Superior - Lubbock                      | 1,449.28                | 245.85                      |
| Superior - Nueces                       | 813.93                  | 337.04                      |
| United - Nueces                         | 813.93                  | 337.04                      |
| Amerigroup - Tarrant                    | 832.34                  | 238.71                      |
| HealthSpring - Tarrant                  | 832.34                  | 238.71                      |
| Amerigroup - Travis                     | 1,280.25                | 254.41                      |
| United - Travis                         | 1,280.25                | 254.41                      |
| Superior - MRSA Central                 | 436.32                  | 320.18                      |
| United - MRSA Central                   | 436.32                  | 320.18                      |
| Health Spring - MRSA Northeast          | 362.36                  | 275.42                      |
| United - MRSA Northeast                 | 362.36                  | 275.42                      |
| Amerigroup - MRSA West                  | 401.80                  | 280.78                      |
| Superior - MRSA West                    | 401.80                  | 280.78                      |

## FY2015 STAR+PLUS IDD Rating Summary

| Health Plan                         | <u>Under<br/>Age 21</u> | <u>Ages<br/>21 and Over</u> |
|-------------------------------------|-------------------------|-----------------------------|
| FY2015 Inpatient Premium Rates pmpm |                         |                             |
| Amerigroup - Bexar                  | 202.72                  | 65.93                       |
| Molina - Bexar                      | 202.72                  | 65.93                       |
| Superior - Bexar                    | 202.72                  | 65.93                       |
| Molina - Dallas                     | 247.83                  | 73.92                       |
| Superior - Dallas                   | 247.83                  | 73.92                       |
| Amerigroup - El Paso                | 118.19                  | 89.92                       |
| Molina - El Paso                    | 118.19                  | 89.92                       |
| Amerigroup - Harris                 | 247.45                  | 82.87                       |
| Molina - Harris                     | 247.45                  | 82.87                       |
| United - Harris                     | 247.45                  | 82.87                       |
| HealthSpring - Hidalgo              | 311.39                  | 105.41                      |
| Molina - Hidalgo                    | 311.39                  | 105.41                      |
| Superior - Hidalgo                  | 311.39                  | 105.41                      |
| Amerigroup - Jefferson              | 156.78                  | 73.36                       |
| Molina - Jefferson                  | 156.78                  | 73.36                       |
| United - Jefferson                  | 156.78                  | 73.36                       |
| Amerigroup - Lubbock                | 159.89                  | 103.89                      |
| Superior - Lubbock                  | 159.89                  | 103.89                      |
| Superior - Nueces                   | 156.67                  | 92.15                       |
| United - Nueces                     | 156.67                  | 92.15                       |
| Amerigroup - Tarrant                | 188.09                  | 78.52                       |
| HealthSpring - Tarrant              | 188.09                  | 78.52                       |
| Amerigroup - Travis                 | 222.42                  | 79.41                       |
| United - Travis                     | 222.42                  | 79.41                       |
| Superior - MRSA Central             | 160.92                  | 118.09                      |
| United - MRSA Central               | 160.92                  | 118.09                      |
| Health Spring - MRSA Northeast      | 142.30                  | 108.15                      |
| United - MRSA Northeast             | 142.30                  | 108.15                      |
| Amerigroup - MRSA West              | 181.32                  | 126.71                      |
| Superior - MRSA West                | 181.32                  | 126.71                      |

## FY2015 STAR+PLUS IDD Rating Summary

| Health Plan                               | <u>Under<br/>Age 21</u> | <u>Ages<br/>21 and Over</u> |
|---|-------------------------|-----------------------------|
| FY2015 Total Prescription Drug Rates pmpm |                         |                             |
| Amerigroup - Bexar                        | 414.50                  | 549.18                      |
| Molina - Bexar                            | 414.50                  | 549.18                      |
| Superior - Bexar                          | 414.50                  | 549.18                      |
| Molina - Dallas                           | 388.89                  | 434.70                      |
| Superior - Dallas                         | 388.89                  | 434.70                      |
| Amerigroup - El Paso                      | 252.35                  | 576.67                      |
| Molina - El Paso                          | 252.35                  | 576.67                      |
| Amerigroup - Harris                       | 449.42                  | 565.58                      |
| Molina - Harris                           | 449.42                  | 565.58                      |
| United - Harris                           | 449.42                  | 565.58                      |
| HealthSpring - Hidalgo                    | 497.57                  | 506.99                      |
| Molina - Hidalgo                          | 497.57                  | 506.99                      |
| Superior - Hidalgo                        | 497.57                  | 506.99                      |
| Amerigroup - Jefferson                    | 443.77                  | 417.33                      |
| Molina - Jefferson                        | 443.77                  | 417.33                      |
| United - Jefferson                        | 443.77                  | 417.33                      |
| Amerigroup - Lubbock                      | 502.82                  | 485.09                      |
| Superior - Lubbock                        | 502.82                  | 485.09                      |
| Superior - Nueces                         | 402.16                  | 612.88                      |
| United - Nueces                           | 402.16                  | 612.88                      |
| Amerigroup - Tarrant                      | 388.35                  | 488.02                      |
| HealthSpring - Tarrant                    | 388.35                  | 488.02                      |
| Amerigroup - Travis                       | 410.68                  | 560.42                      |
| United - Travis                           | 410.68                  | 560.42                      |
| Superior - MRSA Central                   | 670.84                  | 412.33                      |
| United - MRSA Central                     | 670.84                  | 412.33                      |
| Health Spring - MRSA Northeast            | 529.54                  | 442.76                      |
| United - MRSA Northeast                   | 529.54                  | 442.76                      |
| Amerigroup - MRSA West                    | 509.42                  | 458.26                      |
| Superior - MRSA West                      | 509.42                  | 458.26                      |

FY2015 STAR+PLUS IDD Rate Setting  
Bexar SDA

|   | Under Age 21 |          | Age 21 and Over |        | Total      |        |
|---|--------------|----------|-----------------|--------|------------|--------|
|   | Amount       | pmpm     | Amount          | pmpm   | Amount     | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |          |                 |        |            |        |
| Member Months                             | 6,145        |          | 16,627          |        | 22,772     |        |
| Estimated Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 8,120,877    | 1,321.54 | 3,596,198       | 216.29 | 11,717,075 | 514.54 |
| Inpatient                                 | 1,109,945    | 180.63   | 900,337         | 54.15  | 2,010,283  | 88.28  |
| Total                                     | 9,230,822    | 1,502.17 | 4,496,535       | 270.44 | 13,727,357 | 602.82 |
| Projected FY2015 Member Months            | 1,277        |          | 17,872          |        | 19,149     |        |
| Annual Trend Assumption - Non Inpatient   |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.6 %        |          | 2.6 %           |        |            |        |
| Annual Trend Assumption - Inpatient       |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| Provider Reimbursement Adjustment         |              |          |                 |        |            |        |
| Acute Care - Non Inpatient                | 0.9709       |          | 0.9709          |        |            |        |
| Acute Care - Inpatient                    | 0.9909       |          | 0.9909          |        |            |        |
| Managed Care Savings                      | 0.9500       |          | 0.9500          |        |            |        |
| Projected Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 1,642,960    | 1,286.89 | 3,764,215       | 210.62 | 5,407,175  | 282.37 |
| Inpatient                                 | 229,852      | 180.04   | 964,627         | 53.97  | 1,194,479  | 62.38  |
| Total                                     | 1,872,812    | 1,466.93 | 4,728,842       | 264.59 | 6,601,655  | 344.75 |
| Service Coordination Expense              | 17,363       | 13.60    | 243,065         | 13.60  | 260,428    | 13.60  |
| Administrative Expenses                   |              |          |                 |        |            |        |
| Fixed Amount                              | 18,193       | 14.25    | 254,682         | 14.25  | 272,875    | 14.25  |
| Percentage of Premium                     | 121,255      | 5.75%    | 332,150         | 5.75%  | 453,405    | 5.75%  |
| Total                                     | 139,448      | 109.23   | 586,832         | 32.83  | 726,280    | 37.93  |
| Risk Margin                               | 42,176       | 2.00%    | 115,530         | 2.00%  | 157,706    | 2.00%  |
| Premium Tax                               | 36,904       | 1.75%    | 101,089         | 1.75%  | 137,993    | 1.75%  |
| Maintenance Tax                           | 83           | 0.065    | 1,162           | 0.065  | 1,245      | 0.065  |
| Projected Total Cost                      |              |          |                 |        |            |        |
| Non Inpatient                             | 1,849,972    | 1,449.04 | 4,598,180       | 257.28 | 6,448,152  | 336.73 |
| Inpatient                                 | 258,814      | 202.72   | 1,178,341       | 65.93  | 1,437,154  | 75.05  |
| Total                                     | 2,108,786    | 1,651.76 | 5,776,521       | 323.21 | 7,885,307  | 411.78 |

FY2015 STAR+PLUS IDD Rate Setting  
Dallas SDA

|   | Under Age 21 |          | Age 21 and Over |        | Total      |        |
|---|--------------|----------|-----------------|--------|------------|--------|
|   | Amount       | pmpm     | Amount          | pmpm   | Amount     | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |          |                 |        |            |        |
| Member Months                             | 9,544        |          | 20,232          |        | 29,776     |        |
| Estimated Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 11,711,160   | 1,227.07 | 3,364,346       | 166.29 | 15,075,506 | 506.30 |
| Inpatient                                 | 2,129,691    | 223.14   | 1,218,991       | 60.25  | 3,348,682  | 112.46 |
| Total                                     | 13,840,851   | 1,450.21 | 4,583,337       | 226.54 | 18,424,188 | 618.76 |
| Projected FY2015 Member Months            | 1,951        |          | 23,881          |        | 25,833     |        |
| Annual Trend Assumption - Non Inpatient   |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.6 %        |          | 2.6 %           |        |            |        |
| Annual Trend Assumption - Inpatient       |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| Provider Reimbursement Adjustment         |              |          |                 |        |            |        |
| Acute Care - Non Inpatient                | 0.9671       |          | 0.9671          |        |            |        |
| Acute Care - Inpatient                    | 0.9798       |          | 0.9798          |        |            |        |
| Managed Care Savings                      | 0.9500       |          | 0.9500          |        |            |        |
| Projected Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 2,322,449    | 1,190.22 | 3,851,918       | 161.29 | 6,174,367  | 239.01 |
| Inpatient                                 | 429,138      | 219.93   | 1,418,113       | 59.38  | 1,847,251  | 71.51  |
| Total                                     | 2,751,587    | 1,410.15 | 5,270,031       | 220.68 | 8,021,618  | 310.52 |
| Service Coordination Expense              | 26,537       | 13.60    | 324,785         | 13.60  | 351,323    | 13.60  |
| Administrative Expenses                   |              |          |                 |        |            |        |
| Fixed Amount                              | 27,806       | 14.25    | 340,308         | 14.25  | 368,114    | 14.25  |
| Percentage of Premium                     | 178,285      | 5.75%    | 377,192         | 5.75%  | 555,478    | 5.75%  |
| Total                                     | 206,091      | 105.62   | 717,500         | 30.04  | 923,591    | 35.75  |
| Risk Margin                               | 62,012       | 2.00%    | 131,197         | 2.00%  | 193,210    | 2.00%  |
| Premium Tax                               | 54,261       | 1.75%    | 114,798         | 1.75%  | 169,058    | 1.75%  |
| Maintenance Tax                           | 127          | 0.065    | 1,552           | 0.065  | 1,679      | 0.065  |
| Projected Total Cost                      |              |          |                 |        |            |        |
| Non Inpatient                             | 2,617,043    | 1,341.19 | 4,794,670       | 200.77 | 7,411,713  | 286.91 |
| Inpatient                                 | 483,573      | 247.82   | 1,765,194       | 73.92  | 2,248,767  | 87.05  |
| Total                                     | 3,100,615    | 1,589.02 | 6,559,864       | 274.69 | 9,660,480  | 373.97 |

FY2015 STAR+PLUS IDD Rate Setting  
El Paso SDA

|   | Under Age 21 |          | Age 21 and Over |        | Total     |        |
|---|--------------|----------|-----------------|--------|-----------|--------|
|   | Amount       | pmpm     | Amount          | pmpm   | Amount    | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |          |                 |        |           |        |
| Member Months                             | 1,303        |          | 5,630           |        | 6,933     |        |
| Estimated Incurred Claims                 |              |          |                 |        |           |        |
| Non-Inpatient                             | 1,719,814    | 1,319.89 | 1,698,392       | 301.67 | 3,418,206 | 493.03 |
| Inpatient                                 | 137,104      | 105.22   | 427,523         | 75.94  | 564,627   | 81.44  |
| Total                                     | 1,856,918    | 1,425.11 | 2,125,915       | 377.60 | 3,982,833 | 574.47 |
| Projected FY2015 Member Months            | 316          |          | 7,330           |        | 7,646     |        |
| Annual Trend Assumption - Non Inpatient   |              |          |                 |        |           |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |           |        |
| FY2015                                    | 2.6 %        |          | 2.6 %           |        |           |        |
| Annual Trend Assumption - Inpatient       |              |          |                 |        |           |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |           |        |
| FY2015                                    | 2.9 %        |          | 2.9 %           |        |           |        |
| Provider Reimbursement Adjustment         |              |          |                 |        |           |        |
| Acute Care - Non Inpatient                | 0.9757       |          | 0.9757          |        |           |        |
| Acute Care - Inpatient                    | 0.9908       |          | 0.9908          |        |           |        |
| Managed Care Savings                      | 0.9500       |          | 0.9500          |        |           |        |
| Projected Incurred Claims                 |              |          |                 |        |           |        |
| Non-Inpatient                             | 407,668      | 1,291.63 | 2,163,875       | 295.21 | 2,571,543 | 336.34 |
| Inpatient                                 | 33,099       | 104.87   | 554,743         | 75.68  | 587,841   | 76.89  |
| Total                                     | 440,766      | 1,396.50 | 2,718,618       | 370.89 | 3,159,384 | 413.23 |
| Service Coordination Expense              | 4,292        | 13.60    | 99,687          | 13.60  | 103,980   | 13.60  |
| Administrative Expenses                   |              |          |                 |        |           |        |
| Fixed Amount                              | 4,498        | 14.25    | 104,452         | 14.25  | 108,949   | 14.25  |
| Percentage of Premium                     | 28,564       | 5.75%    | 185,730         | 5.75%  | 214,295   | 5.75%  |
| Total                                     | 33,062       | 104.75   | 290,182         | 39.59  | 323,244   | 42.28  |
| Risk Margin                               | 9,935        | 2.00%    | 64,602          | 2.00%  | 74,537    | 2.00%  |
| Premium Tax                               | 8,693        | 1.75%    | 56,527          | 1.75%  | 65,220    | 1.75%  |
| Maintenance Tax                           | 21           | 0.065    | 476             | 0.065  | 497       | 0.065  |
| Projected Total Cost                      |              |          |                 |        |           |        |
| Non Inpatient                             | 459,466      | 1,455.75 | 2,570,981       | 350.75 | 3,030,447 | 396.37 |
| Inpatient                                 | 37,304       | 118.19   | 659,110         | 89.92  | 696,415   | 91.09  |
| Total                                     | 496,770      | 1,573.94 | 3,230,091       | 440.67 | 3,726,862 | 487.45 |

FY2015 STAR+PLUS IDD Rate Setting  
Harris SDA

|   | Under Age 21 |          | Age 21 and Over |        | Total      |        |
|---|--------------|----------|-----------------|--------|------------|--------|
|   | Amount       | pmpm     | Amount          | pmpm   | Amount     | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |          |                 |        |            |        |
| Member Months                             | 14,381       |          | 33,880          |        | 48,261     |        |
| Estimated Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 19,513,870   | 1,356.92 | 7,877,637       | 232.52 | 27,391,507 | 567.57 |
| Inpatient                                 | 3,212,384    | 223.38   | 2,357,974       | 69.60  | 5,570,358  | 115.42 |
| Total                                     | 22,726,254   | 1,580.30 | 10,235,611      | 302.11 | 32,961,865 | 682.99 |
| Projected FY2015 Member Months            | 3,105        |          | 42,447          |        | 45,551     |        |
| Annual Trend Assumption - Non Inpatient   |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.6 %        |          | 2.6 %           |        |            |        |
| Annual Trend Assumption - Inpatient       |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| Provider Reimbursement Adjustment         |              |          |                 |        |            |        |
| Acute Care - Non Inpatient                | 0.9764       |          | 0.9764          |        |            |        |
| Acute Care - Inpatient                    | 0.9790       |          | 0.9790          |        |            |        |
| Managed Care Savings                      | 0.9500       |          | 0.9500          |        |            |        |
| Projected Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 4,125,700    | 1,328.83 | 9,665,167       | 227.70 | 13,790,868 | 302.75 |
| Inpatient                                 | 682,975      | 219.98   | 2,909,212       | 68.54  | 3,592,187  | 78.86  |
| Total                                     | 4,808,675    | 1,548.80 | 12,574,380      | 296.24 | 17,383,055 | 381.61 |
| Service Coordination Expense              | 42,225       | 13.60    | 577,274         | 13.60  | 619,498    | 13.60  |
| Administrative Expenses                   |              |          |                 |        |            |        |
| Fixed Amount                              | 44,243       | 14.25    | 604,864         | 14.25  | 649,107    | 14.25  |
| Percentage of Premium                     | 311,030      | 5.75%    | 874,208         | 5.75%  | 1,185,238  | 5.75%  |
| Total                                     | 355,273      | 114.43   | 1,479,072       | 34.85  | 1,834,345  | 40.27  |
| Risk Margin                               | 108,184      | 2.00%    | 304,072         | 2.00%  | 412,257    | 2.00%  |
| Premium Tax                               | 94,661       | 1.75%    | 266,063         | 1.75%  | 360,725    | 1.75%  |
| Maintenance Tax                           | 202          | 0.065    | 2,759           | 0.065  | 2,961      | 0.065  |
| Projected Total Cost                      |              |          |                 |        |            |        |
| Non Inpatient                             | 4,640,950    | 1,494.78 | 11,686,106      | 275.31 | 16,327,056 | 358.43 |
| Inpatient                                 | 768,270      | 247.45   | 3,517,514       | 82.87  | 4,285,784  | 94.09  |
| Total                                     | 5,409,221    | 1,742.23 | 15,203,620      | 358.18 | 20,612,840 | 452.52 |

FY2015 STAR+PLUS IDD Rate Setting  
Hidalgo SDA

|   | Under Age 21 |          | Age 21 and Over |        | Total      |        |
|---|--------------|----------|-----------------|--------|------------|--------|
|   | Amount       | pmpm     | Amount          | pmpm   | Amount     | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |          |                 |        |            |        |
| Member Months                             | 3,156        |          | 9,155           |        | 12,311     |        |
| Estimated Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 6,757,840    | 2,141.27 | 2,762,825       | 301.78 | 9,520,665  | 773.35 |
| Inpatient                                 | 891,538      | 282.49   | 825,961         | 90.22  | 1,717,499  | 139.51 |
| Total                                     | 7,649,378    | 2,423.76 | 3,588,787       | 392.00 | 11,238,164 | 912.86 |
| Projected FY2015 Member Months            | 654          |          | 11,778          |        | 12,432     |        |
| Annual Trend Assumption - Non Inpatient   |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.6 %        |          | 2.6 %           |        |            |        |
| Annual Trend Assumption - Inpatient       |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| Provider Reimbursement Adjustment         |              |          |                 |        |            |        |
| Acute Care - Non Inpatient                | 0.9822       |          | 0.9822          |        |            |        |
| Acute Care - Inpatient                    | 0.9803       |          | 0.9803          |        |            |        |
| Managed Care Savings                      | 0.9500       |          | 0.9500          |        |            |        |
| Projected Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 1,380,362    | 2,109.39 | 3,501,473       | 297.29 | 4,881,835  | 392.67 |
| Inpatient                                 | 182,285      | 278.56   | 1,047,814       | 88.96  | 1,230,099  | 98.94  |
| Total                                     | 1,562,647    | 2,387.95 | 4,549,287       | 386.25 | 6,111,934  | 491.62 |
| Service Coordination Expense              | 8,900        | 13.60    | 160,180         | 13.60  | 169,080    | 13.60  |
| Administrative Expenses                   |              |          |                 |        |            |        |
| Fixed Amount                              | 9,325        | 14.25    | 167,836         | 14.25  | 177,161    | 14.25  |
| Percentage of Premium                     | 100,445      | 5.75%    | 309,932         | 5.75%  | 410,377    | 5.75%  |
| Total                                     | 109,770      | 167.74   | 477,768         | 40.56  | 587,538    | 47.26  |
| Risk Margin                               | 34,937       | 2.00%    | 107,803         | 2.00%  | 142,740    | 2.00%  |
| Premium Tax                               | 30,570       | 1.75%    | 94,327          | 1.75%  | 124,897    | 1.75%  |
| Maintenance Tax                           | 43           | 0.065    | 766             | 0.065  | 808        | 0.065  |
| Projected Total Cost                      |              |          |                 |        |            |        |
| Non Inpatient                             | 1,543,092    | 2,358.07 | 4,148,649       | 352.24 | 5,691,741  | 457.82 |
| Inpatient                                 | 203,775      | 311.40   | 1,241,481       | 105.41 | 1,445,256  | 116.25 |
| Total                                     | 1,746,867    | 2,669.46 | 5,390,130       | 457.65 | 7,136,997  | 574.07 |



FY2015 STAR+PLUS IDD Rate Setting  
Jefferson SDA

|   | Under Age 21 |          | Age 21 and Over |        | Total     |        |
|---|--------------|----------|-----------------|--------|-----------|--------|
|   | Amount       | pmpm     | Amount          | pmpm   | Amount    | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |          |                 |        |           |        |
| Member Months                             | 1,529        |          | 4,639           |        | 6,168     |        |
| Estimated Incurred Claims                 |              |          |                 |        |           |        |
| Non-Inpatient                             | 1,783,735    | 1,166.60 | 811,156         | 174.86 | 2,594,891 | 420.70 |
| Inpatient                                 | 209,945      | 137.31   | 271,621         | 58.55  | 481,566   | 78.07  |
| Total                                     | 1,993,680    | 1,303.91 | 1,082,778       | 233.41 | 3,076,457 | 498.78 |
| Projected FY2015 Member Months            | 307          |          | 5,085           |        | 5,392     |        |
| Annual Trend Assumption - Non Inpatient   |              |          |                 |        |           |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |           |        |
| FY2015                                    | 2.6 %        |          | 2.6 %           |        |           |        |
| Annual Trend Assumption - Inpatient       |              |          |                 |        |           |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |           |        |
| FY2015                                    | 2.9 %        |          | 2.9 %           |        |           |        |
| Provider Reimbursement Adjustment         |              |          |                 |        |           |        |
| Acute Care - Non Inpatient                | 0.9750       |          | 0.9750          |        |           |        |
| Acute Care - Inpatient                    | 1.0053       |          | 1.0053          |        |           |        |
| Managed Care Savings                      | 0.9500       |          | 0.9500          |        |           |        |
| Projected Incurred Claims                 |              |          |                 |        |           |        |
| Non-Inpatient                             | 350,463      | 1,140.81 | 869,530         | 170.99 | 1,219,993 | 226.24 |
| Inpatient                                 | 42,656       | 138.85   | 301,095         | 59.21  | 343,750   | 63.75  |
| Total                                     | 393,118      | 1,279.66 | 1,170,625       | 230.20 | 1,563,743 | 289.99 |
| Service Coordination Expense              | 4,178        | 13.60    | 69,160          | 13.60  | 73,338    | 13.60  |
| Administrative Expenses                   |              |          |                 |        |           |        |
| Fixed Amount                              | 4,378        | 14.25    | 72,465          | 14.25  | 76,843    | 14.25  |
| Percentage of Premium                     | 25,522       | 5.75%    | 83,396          | 5.75%  | 108,918   | 5.75%  |
| Total                                     | 29,900       | 97.33    | 155,861         | 30.65  | 185,761   | 34.45  |
| Risk Margin                               | 8,877        | 2.00%    | 29,007          | 2.00%  | 37,885    | 2.00%  |
| Premium Tax                               | 7,768        | 1.75%    | 25,381          | 1.75%  | 33,149    | 1.75%  |
| Maintenance Tax                           | 20           | 0.065    | 331             | 0.065  | 351       | 0.065  |
| Projected Total Cost                      |              |          |                 |        |           |        |
| Non Inpatient                             | 395,699      | 1,288.06 | 1,077,318       | 211.85 | 1,473,018 | 273.16 |
| Inpatient                                 | 48,161       | 156.77   | 373,046         | 73.36  | 421,207   | 78.11  |
| Total                                     | 443,861      | 1,444.84 | 1,450,364       | 285.21 | 1,894,225 | 351.27 |

FY2015 STAR+PLUS IDD Rate Setting  
Lubbock SDA

|   | Under Age 21 |          | Age 21 and Over |        | Total     |        |
|---|--------------|----------|-----------------|--------|-----------|--------|
|   | Amount       | pmpm     | Amount          | pmpm   | Amount    | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |          |                 |        |           |        |
| Member Months                             | 1,835        |          | 6,259           |        | 8,094     |        |
| Estimated Incurred Claims                 |              |          |                 |        |           |        |
| Non-Inpatient                             | 2,416,744    | 1,317.03 | 1,299,968       | 207.70 | 3,716,712 | 459.19 |
| Inpatient                                 | 262,966      | 143.31   | 541,768         | 86.56  | 804,734   | 99.42  |
| Total                                     | 2,679,710    | 1,460.33 | 1,841,736       | 294.25 | 4,521,446 | 558.62 |
| Projected FY2015 Member Months            | 416          |          | 7,290           |        | 7,706     |        |
| Annual Trend Assumption - Non Inpatient   |              |          |                 |        |           |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |           |        |
| FY2015                                    | 2.6 %        |          | 2.6 %           |        |           |        |
| Annual Trend Assumption - Inpatient       |              |          |                 |        |           |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |           |        |
| FY2015                                    | 2.9 %        |          | 2.9 %           |        |           |        |
| Provider Reimbursement Adjustment         |              |          |                 |        |           |        |
| Acute Care - Non Inpatient                | 0.9739       |          | 0.9739          |        |           |        |
| Acute Care - Inpatient                    | 0.9846       |          | 0.9846          |        |           |        |
| Managed Care Savings                      | 0.9500       |          | 0.9500          |        |           |        |
| Projected Incurred Claims                 |              |          |                 |        |           |        |
| Non-Inpatient                             | 534,611      | 1,286.46 | 1,478,979       | 202.87 | 2,013,590 | 261.31 |
| Inpatient                                 | 58,982       | 141.93   | 624,966         | 85.73  | 683,948   | 88.76  |
| Total                                     | 593,593      | 1,428.39 | 2,103,946       | 288.60 | 2,697,538 | 350.07 |
| Service Coordination Expense              | 5,652        | 13.60    | 99,145          | 13.60  | 104,797   | 13.60  |
| Administrative Expenses                   |              |          |                 |        |           |        |
| Fixed Amount                              | 5,922        | 14.25    | 103,884         | 14.25  | 109,806   | 14.25  |
| Percentage of Premium                     | 38,452       | 5.75%    | 146,606         | 5.75%  | 185,057   | 5.75%  |
| Total                                     | 44,373       | 106.78   | 250,490         | 34.36  | 294,863   | 38.27  |
| Risk Margin                               | 13,374       | 2.00%    | 50,993          | 2.00%  | 64,368    | 2.00%  |
| Premium Tax                               | 11,703       | 1.75%    | 44,619          | 1.75%  | 56,322    | 1.75%  |
| Maintenance Tax                           | 27           | 0.065    | 474             | 0.065  | 501       | 0.065  |
| Projected Total Cost                      |              |          |                 |        |           |        |
| Non Inpatient                             | 602,275      | 1,449.28 | 1,792,302       | 245.85 | 2,394,576 | 310.75 |
| Inpatient                                 | 66,447       | 159.89   | 757,366         | 103.89 | 823,813   | 106.91 |
| Total                                     | 668,722      | 1,609.17 | 2,549,667       | 349.74 | 3,218,389 | 417.66 |

FY2015 STAR+PLUS IDD Rate Setting  
Nueces SDA

|   | Under Age 21 |        | Age 21 and Over |        | Total     |        |
|---|--------------|--------|-----------------|--------|-----------|--------|
|   | Amount       | pmpm   | Amount          | pmpm   | Amount    | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |        |                 |        |           |        |
| Member Months                             | 1,871        |        | 5,446           |        | 7,317     |        |
| Estimated Incurred Claims                 |              |        |                 |        |           |        |
| Non-Inpatient                             | 1,361,621    | 727.75 | 1,573,217       | 288.88 | 2,934,838 | 401.10 |
| Inpatient                                 | 252,105      | 134.74 | 413,754         | 75.97  | 665,859   | 91.00  |
| Total                                     | 1,613,727    | 862.49 | 1,986,970       | 364.85 | 3,600,697 | 492.10 |
| Projected FY2015 Member Months            | 415          |        | 6,766           |        | 7,181     |        |
| Annual Trend Assumption - Non Inpatient   |              |        |                 |        |           |        |
| FY2014                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| FY2015                                    | 2.6 %        |        | 2.6 %           |        |           |        |
| Annual Trend Assumption - Inpatient       |              |        |                 |        |           |        |
| FY2014                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| FY2015                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| Provider Reimbursement Adjustment         |              |        |                 |        |           |        |
| Acute Care - Non Inpatient                | 0.9771       |        | 0.9771          |        |           |        |
| Acute Care - Inpatient                    | 1.0129       |        | 1.0129          |        |           |        |
| Managed Care Savings                      | 0.9500       |        | 0.9500          |        |           |        |
| Projected Incurred Claims                 |              |        |                 |        |           |        |
| Non-Inpatient                             | 296,231      | 713.19 | 1,915,317       | 283.10 | 2,211,548 | 307.98 |
| Inpatient                                 | 57,023       | 137.29 | 523,709         | 77.41  | 580,732   | 80.87  |
| Total                                     | 353,254      | 850.48 | 2,439,026       | 360.51 | 2,792,280 | 388.85 |
| Service Coordination Expense              | 5,649        | 13.60  | 92,012          | 13.60  | 97,661    | 13.60  |
| Administrative Expenses                   |              |        |                 |        |           |        |
| Fixed Amount                              | 5,919        | 14.25  | 96,409          | 14.25  | 102,328   | 14.25  |
| Percentage of Premium                     | 23,181       | 5.75%  | 166,965         | 5.75%  | 190,146   | 5.75%  |
| Total                                     | 29,100       | 70.06  | 263,375         | 38.93  | 292,474   | 40.73  |
| Risk Margin                               | 8,063        | 2.00%  | 58,075          | 2.00%  | 66,138    | 2.00%  |
| Premium Tax                               | 7,055        | 1.75%  | 50,815          | 1.75%  | 57,871    | 1.75%  |
| Maintenance Tax                           | 27           | 0.065  | 440             | 0.065  | 467       | 0.065  |
| Projected Total Cost                      |              |        |                 |        |           |        |
| Non Inpatient                             | 338,071      | 813.93 | 2,280,250       | 337.04 | 2,618,320 | 364.62 |
| Inpatient                                 | 65,077       | 156.68 | 623,493         | 92.16  | 688,570   | 95.89  |
| Total                                     | 403,148      | 970.60 | 2,903,742       | 429.19 | 3,306,890 | 460.51 |

FY2015 STAR+PLUS IDD Rate Setting  
Tarrant SDA

|   | Under Age 21 |          | Age 21 and Over |        | Total      |        |
|---|--------------|----------|-----------------|--------|------------|--------|
|   | Amount       | pmpm     | Amount          | pmpm   | Amount     | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |          |                 |        |            |        |
| Member Months                             | 7,618        |          | 18,336          |        | 25,954     |        |
| Estimated Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 5,736,616    | 753.03   | 3,686,395       | 201.05 | 9,423,012  | 363.07 |
| Inpatient                                 | 1,284,781    | 168.65   | 1,201,661       | 65.54  | 2,486,442  | 95.80  |
| Total                                     | 7,021,397    | 921.69   | 4,888,056       | 266.58 | 11,909,453 | 458.87 |
| Projected FY2015 Member Months            | 1,588        |          | 19,883          |        | 21,471     |        |
| Annual Trend Assumption - Non Inpatient   |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.6 %        |          | 2.6 %           |        |            |        |
| Annual Trend Assumption - Inpatient       |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| Provider Reimbursement Adjustment         |              |          |                 |        |            |        |
| Acute Care - Non Inpatient                | 0.9672       |          | 0.9672          |        |            |        |
| Acute Care - Inpatient                    | 0.9731       |          | 0.9731          |        |            |        |
| Managed Care Savings                      | 0.9500       |          | 0.9500          |        |            |        |
| Projected Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 1,159,871    | 730.50   | 3,877,847       | 195.03 | 5,037,717  | 234.63 |
| Inpatient                                 | 262,115      | 165.08   | 1,275,498       | 64.15  | 1,537,613  | 71.61  |
| Total                                     | 1,421,986    | 895.58   | 5,153,345       | 259.18 | 6,575,330  | 306.24 |
| Service Coordination Expense              | 21,594       | 13.60    | 270,414         | 13.60  | 292,008    | 13.60  |
| Administrative Expenses                   |              |          |                 |        |            |        |
| Fixed Amount                              | 22,626       | 14.25    | 283,338         | 14.25  | 305,964    | 14.25  |
| Percentage of Premium                     | 93,163       | 5.75%    | 362,688         | 5.75%  | 455,851    | 5.75%  |
| Total                                     | 115,789      | 72.92    | 646,026         | 32.49  | 761,815    | 35.48  |
| Risk Margin                               | 32,405       | 2.00%    | 126,152         | 2.00%  | 158,557    | 2.00%  |
| Premium Tax                               | 28,354       | 1.75%    | 110,383         | 1.75%  | 138,737    | 1.75%  |
| Maintenance Tax                           | 103          | 0.065    | 1,292           | 0.065  | 1,396      | 0.065  |
| Projected Total Cost                      |              |          |                 |        |            |        |
| Non Inpatient                             | 1,321,573    | 832.34   | 4,746,423       | 238.71 | 6,067,997  | 282.61 |
| Inpatient                                 | 298,658      | 188.10   | 1,561,190       | 78.52  | 1,859,847  | 86.62  |
| Total                                     | 1,620,231    | 1,020.43 | 6,307,613       | 317.23 | 7,927,844  | 369.23 |

FY2015 STAR+PLUS IDD Rate Setting  
Travis SDA

|   | Under Age 21 |          | Age 21 and Over |        | Total      |        |
|---|--------------|----------|-----------------|--------|------------|--------|
|   | Amount       | pmpm     | Amount          | pmpm   | Amount     | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |          |                 |        |            |        |
| Member Months                             | 5,060        |          | 11,512          |        | 16,572     |        |
| Estimated Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 5,867,906    | 1,159.67 | 2,458,233       | 213.54 | 8,326,139  | 502.42 |
| Inpatient                                 | 1,012,656    | 200.13   | 762,219         | 66.21  | 1,774,875  | 107.10 |
| Total                                     | 6,880,562    | 1,359.79 | 3,220,452       | 279.75 | 10,101,014 | 609.52 |
| Projected FY2015 Member Months            | 1,085        |          | 12,423          |        | 13,508     |        |
| Annual Trend Assumption - Non Inpatient   |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.6 %        |          | 2.6 %           |        |            |        |
| Annual Trend Assumption - Inpatient       |              |          |                 |        |            |        |
| FY2014                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| FY2015                                    | 2.9 %        |          | 2.9 %           |        |            |        |
| Provider Reimbursement Adjustment         |              |          |                 |        |            |        |
| Acute Care - Non Inpatient                | 0.9757       |          | 0.9757          |        |            |        |
| Acute Care - Inpatient                    | 0.9794       |          | 0.9794          |        |            |        |
| Managed Care Savings                      | 0.9500       |          | 0.9500          |        |            |        |
| Projected Incurred Claims                 |              |          |                 |        |            |        |
| Non-Inpatient                             | 1,231,544    | 1,134.84 | 2,595,920       | 208.97 | 3,827,464  | 283.35 |
| Inpatient                                 | 213,964      | 197.16   | 810,326         | 65.23  | 1,024,290  | 75.83  |
| Total                                     | 1,445,508    | 1,332.00 | 3,406,247       | 274.20 | 4,851,754  | 359.18 |
| Service Coordination Expense              | 14,759       | 13.60    | 168,949         | 13.60  | 183,708    | 13.60  |
| Administrative Expenses                   |              |          |                 |        |            |        |
| Fixed Amount                              | 15,464       | 14.25    | 177,024         | 14.25  | 192,488    | 14.25  |
| Percentage of Premium                     | 93,766       | 5.75%    | 238,452         | 5.75%  | 332,218    | 5.75%  |
| Total                                     | 109,231      | 100.65   | 415,476         | 33.44  | 524,706    | 38.84  |
| Risk Margin                               | 32,614       | 2.00%    | 82,940          | 2.00%  | 115,554    | 2.00%  |
| Premium Tax                               | 28,538       | 1.75%    | 72,572          | 1.75%  | 101,110    | 1.75%  |
| Maintenance Tax                           | 71           | 0.065    | 807             | 0.065  | 878        | 0.065  |
| Projected Total Cost                      |              |          |                 |        |            |        |
| Non Inpatient                             | 1,389,341    | 1,280.25 | 3,160,446       | 254.41 | 4,549,786  | 336.82 |
| Inpatient                                 | 241,379      | 222.43   | 986,545         | 79.41  | 1,227,924  | 90.90  |
| Total                                     | 1,630,720    | 1,502.67 | 4,146,991       | 333.82 | 5,777,710  | 427.73 |

FY2015 STAR+PLUS IDD Rate Setting  
MRSA Central SDA

|   | Under Age 21 |        | Age 21 and Over |        | Total     |        |
|---|--------------|--------|-----------------|--------|-----------|--------|
|   | Amount       | pmpm   | Amount          | pmpm   | Amount    | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |        |                 |        |           |        |
| Member Months                             | 480          |        | 6,871           |        | 7,351     |        |
| Estimated Incurred Claims                 |              |        |                 |        |           |        |
| Non-Inpatient                             | 167,921      | 349.83 | 1,729,061       | 251.65 | 1,896,982 | 258.06 |
| Inpatient                                 | 60,963       | 127.01 | 627,731         | 91.36  | 688,694   | 93.69  |
| Total                                     | 228,884      | 476.84 | 2,356,792       | 343.01 | 2,585,676 | 351.74 |
| Projected FY2015 Member Months            | 518          |        | 10,325          |        | 10,843    |        |
| Annual Trend Assumption - Non Inpatient   |              |        |                 |        |           |        |
| FY2014                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| FY2015                                    | 2.6 %        |        | 2.6 %           |        |           |        |
| Annual Trend Assumption - Inpatient       |              |        |                 |        |           |        |
| FY2014                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| FY2015                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| Provider Reimbursement Adjustment         |              |        |                 |        |           |        |
| Acute Care - Non Inpatient                | 1.0139       |        | 1.0139          |        |           |        |
| Acute Care - Inpatient                    | 1.0270       |        | 1.0270          |        |           |        |
| Managed Care Savings                      | 1.0000       |        | 1.0000          |        |           |        |
| Projected Incurred Claims                 |              |        |                 |        |           |        |
| Non-Inpatient                             | 194,031      | 374.47 | 2,781,329       | 269.37 | 2,975,360 | 274.39 |
| Inpatient                                 | 71,561       | 138.11 | 1,025,790       | 99.35  | 1,097,352 | 101.20 |
| Total                                     | 265,593      | 512.58 | 3,807,119       | 368.72 | 4,072,712 | 375.59 |
| Service Coordination Expense              | 7,047        | 13.60  | 140,425         | 13.60  | 147,471   | 13.60  |
| Administrative Expenses                   |              |        |                 |        |           |        |
| Fixed Amount                              | 7,384        | 14.25  | 147,136         | 14.25  | 154,520   | 14.25  |
| Percentage of Premium                     | 17,794       | 5.75%  | 260,202         | 5.75%  | 277,996   | 5.75%  |
| Total                                     | 25,177       | 48.59  | 407,338         | 39.45  | 432,515   | 39.89  |
| Risk Margin                               | 6,189        | 2.00%  | 90,505          | 2.00%  | 96,694    | 2.00%  |
| Premium Tax                               | 5,415        | 1.75%  | 79,192          | 1.75%  | 84,607    | 1.75%  |
| Maintenance Tax                           | 34           | 0.065  | 671             | 0.065  | 705       | 0.065  |
| Projected Total Cost                      |              |        |                 |        |           |        |
| Non Inpatient                             | 226,075      | 436.32 | 3,305,966       | 320.18 | 3,532,042 | 325.73 |
| Inpatient                                 | 83,380       | 160.92 | 1,219,284       | 118.09 | 1,302,663 | 120.13 |
| Total                                     | 309,455      | 597.24 | 4,525,250       | 438.27 | 4,834,705 | 445.86 |

FY2015 STAR+PLUS IDD Rate Setting  
MRSA Northeast SDA

|   | Under Age 21 |        | Age 21 and Over |        | Total     |        |
|---|--------------|--------|-----------------|--------|-----------|--------|
|   | Amount       | pmpm   | Amount          | pmpm   | Amount    | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |        |                 |        |           |        |
| Member Months                             | 509          |        | 8,205           |        | 8,714     |        |
| Estimated Incurred Claims                 |              |        |                 |        |           |        |
| Non-Inpatient                             | 146,667      | 288.15 | 1,760,049       | 214.51 | 1,906,716 | 218.81 |
| Inpatient                                 | 56,943       | 111.87 | 683,338         | 83.28  | 740,281   | 84.95  |
| Total                                     | 203,611      | 400.02 | 2,443,387       | 297.79 | 2,646,998 | 303.76 |
| Projected FY2015 Member Months            | 668          |        | 12,351          |        | 13,019    |        |
| Annual Trend Assumption - Non Inpatient   |              |        |                 |        |           |        |
| FY2014                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| FY2015                                    | 2.6 %        |        | 2.6 %           |        |           |        |
| Annual Trend Assumption - Inpatient       |              |        |                 |        |           |        |
| FY2014                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| FY2015                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| Provider Reimbursement Adjustment         |              |        |                 |        |           |        |
| Acute Care - Non Inpatient                | 1.0121       |        | 1.0121          |        |           |        |
| Acute Care - Inpatient                    | 1.0207       |        | 1.0207          |        |           |        |
| Managed Care Savings                      | 1.0000       |        | 1.0000          |        |           |        |
| Projected Incurred Claims                 |              |        |                 |        |           |        |
| Non-Inpatient                             | 205,791      | 307.89 | 2,830,866       | 229.21 | 3,036,657 | 233.25 |
| Inpatient                                 | 80,813       | 120.91 | 1,111,662       | 90.01  | 1,192,474 | 91.60  |
| Total                                     | 286,603      | 428.80 | 3,942,528       | 319.22 | 4,229,132 | 324.84 |
| Service Coordination Expense              | 9,090        | 13.60  | 167,968         | 13.60  | 177,058   | 13.60  |
| Administrative Expenses                   |              |        |                 |        |           |        |
| Fixed Amount                              | 9,524        | 14.25  | 175,996         | 14.25  | 185,520   | 14.25  |
| Percentage of Premium                     | 19,395       | 5.75%  | 272,397         | 5.75%  | 291,792   | 5.75%  |
| Total                                     | 28,919       | 43.27  | 448,393         | 36.31  | 477,312   | 36.66  |
| Risk Margin                               | 6,746        | 2.00%  | 94,747          | 2.00%  | 101,493   | 2.00%  |
| Premium Tax                               | 5,903        | 1.75%  | 82,903          | 1.75%  | 88,806    | 1.75%  |
| Maintenance Tax                           | 43           | 0.065  | 803             | 0.065  | 846       | 0.065  |
| Projected Total Cost                      |              |        |                 |        |           |        |
| Non Inpatient                             | 242,196      | 362.36 | 3,401,569       | 275.42 | 3,643,765 | 279.88 |
| Inpatient                                 | 95,109       | 142.30 | 1,335,773       | 108.15 | 1,430,882 | 109.91 |
| Total                                     | 337,305      | 504.66 | 4,737,342       | 383.57 | 5,074,647 | 389.79 |

FY2015 STAR+PLUS IDD Rate Setting  
MRSA West SDA

|   | Under Age 21 |        | Age 21 and Over |        | Total     |        |
|---|--------------|--------|-----------------|--------|-----------|--------|
|   | Amount       | pmpm   | Amount          | pmpm   | Amount    | pmpm   |
| Estimated Experience 9/1/2012 - 8/31/2013 |              |        |                 |        |           |        |
| Member Months                             | 682          |        | 9,183           |        | 9,865     |        |
| Estimated Incurred Claims                 |              |        |                 |        |           |        |
| Non-Inpatient                             | 217,703      | 319.21 | 1,999,132       | 217.70 | 2,216,835 | 224.72 |
| Inpatient                                 | 100,901      | 147.95 | 926,557         | 100.90 | 1,027,458 | 104.15 |
| Total                                     | 318,604      | 467.16 | 2,925,690       | 318.60 | 3,244,293 | 328.87 |
| Projected FY2015 Member Months            | 696          |        | 13,832          |        | 14,528    |        |
| Annual Trend Assumption - Non Inpatient   |              |        |                 |        |           |        |
| FY2014                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| FY2015                                    | 2.6 %        |        | 2.6 %           |        |           |        |
| Annual Trend Assumption - Inpatient       |              |        |                 |        |           |        |
| FY2014                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| FY2015                                    | 2.9 %        |        | 2.9 %           |        |           |        |
| Provider Reimbursement Adjustment         |              |        |                 |        |           |        |
| Acute Care - Non Inpatient                | 1.0219       |        | 1.0219          |        |           |        |
| Acute Care - Inpatient                    | 0.9921       |        | 0.9921          |        |           |        |
| Managed Care Savings                      | 1.0000       |        | 1.0000          |        |           |        |
| Projected Incurred Claims                 |              |        |                 |        |           |        |
| Non-Inpatient                             | 239,641      | 344.39 | 3,248,664       | 234.87 | 3,488,304 | 240.12 |
| Inpatient                                 | 108,145      | 155.42 | 1,466,056       | 105.99 | 1,574,201 | 108.36 |
| Total                                     | 347,786      | 499.81 | 4,714,720       | 340.86 | 5,062,506 | 348.48 |
| Service Coordination Expense              | 9,463        | 13.60  | 188,112         | 13.60  | 197,575   | 13.60  |
| Administrative Expenses                   |              |        |                 |        |           |        |
| Fixed Amount                              | 9,916        | 14.25  | 197,102         | 14.25  | 207,018   | 14.25  |
| Percentage of Premium                     | 23,331       | 5.75%  | 324,086         | 5.75%  | 347,417   | 5.75%  |
| Total                                     | 33,247       | 47.78  | 521,188         | 37.68  | 554,435   | 38.16  |
| Risk Margin                               | 8,115        | 2.00%  | 112,726         | 2.00%  | 120,841   | 2.00%  |
| Premium Tax                               | 7,101        | 1.75%  | 98,635          | 1.75%  | 105,736   | 1.75%  |
| Maintenance Tax                           | 45           | 0.065  | 899             | 0.065  | 944       | 0.065  |
| Projected Total Cost                      |              |        |                 |        |           |        |
| Non Inpatient                             | 279,586      | 401.80 | 3,883,662       | 280.78 | 4,163,247 | 286.58 |
| Inpatient                                 | 126,171      | 181.32 | 1,752,618       | 126.71 | 1,878,789 | 129.33 |
| Total                                     | 405,757      | 583.12 | 5,636,279       | 407.49 | 6,042,036 | 415.90 |



## FY2015 STAR+Plus IDD Rating Assumptions

|                    | Therapy                           | Outpatient<br>Hospital | ER - 36 Hour<br>Visits | ER - Flat Fee | Ambulance | Outpatient<br>Imaging |
|--------------------|-----------------------------------|------------------------|------------------------|---------------|-----------|-----------------------|
| Bexar SDA          | 0.9993                            | 0.9872                 | 0.9996                 | 0.9963        | 0.9981    | 0.9901                |
| Dallas SDA         | 0.9999                            | 0.9825                 | 0.9994                 | 0.9980        | 0.9977    | 0.9893                |
| El Paso SDA        | 0.9996                            | 0.9876                 | 0.9996                 | 0.9973        | 0.9980    | 0.9934                |
| Harris SDA         | 0.9995                            | 0.9907                 | 0.9998                 | 0.9987        | 0.9957    | 0.9918                |
| Hidalgo SDA        | 0.9973                            | 0.9947                 | 0.9999                 | 0.9994        | 0.9976    | 0.9932                |
| Jefferson SDA      | 0.9994                            | 0.9908                 | 0.9999                 | 0.9989        | 0.9966    | 0.9892                |
| Lubbock SDA        | 0.9997                            | 0.9897                 | 0.9998                 | 0.9987        | 0.9975    | 0.9883                |
| Nueces SDA         | 0.9990                            | 0.9928                 | 0.9998                 | 0.9983        | 0.9975    | 0.9895                |
| Tarrant SDA        | 0.9998                            | 0.9826                 | 0.9997                 | 0.9980        | 0.9978    | 0.9890                |
| Travis SDA         | 0.9998                            | 0.9914                 | 0.9996                 | 0.9974        | 0.9974    | 0.9899                |
| MRSA Central SDA   | 0.9992                            | 0.9932                 | 0.9999                 | 0.9995        | 0.9973    | 0.9909                |
| MRSA Northeast SDA | 0.9997                            | 0.9944                 | 0.9999                 | 0.9994        | 0.9978    | 0.9886                |
| MRSA West SDA      | 0.9997                            | 0.9966                 | 0.9999                 | 0.9997        | 0.9975    | 0.9783                |
|                    | Medicaid<br>Excess of<br>Medicare | MH Rehab               | APR DRG<br>Rebasing    | Outlier       | PPR       | PPC                   |
| Bexar SDA          | 1.0000                            | 1.0000                 | 0.9970                 | 0.9997        | 0.9996    | 0.9946                |
| Dallas SDA         | 1.0000                            | 1.0000                 | 1.0002                 | 1.0000        | 0.9969    | 0.9827                |
| El Paso SDA        | 1.0000                            | 1.0000                 | 1.0007                 | 0.9999        | 0.9948    | 0.9954                |
| Harris SDA         | 1.0000                            | 1.0000                 | 0.9972                 | 0.9996        | 0.9937    | 0.9884                |
| Hidalgo SDA        | 1.0000                            | 1.0000                 | 0.9849                 | 0.9998        | 0.9994    | 0.9961                |
| Jefferson SDA      | 1.0000                            | 1.0000                 | 1.0201                 | 1.0000        | 0.9934    | 0.9920                |
| Lubbock SDA        | 1.0000                            | 1.0000                 | 1.0005                 | 0.9991        | 0.9965    | 0.9885                |
| Nueces SDA         | 1.0000                            | 1.0000                 | 1.0156                 | 1.0000        | 0.9985    | 0.9988                |
| Tarrant SDA        | 1.0000                            | 1.0000                 | 0.9923                 | 1.0000        | 0.9956    | 0.9850                |
| Travis SDA         | 1.0000                            | 1.0000                 | 0.9968                 | 1.0000        | 0.9948    | 0.9877                |
| MRSA Central SDA   | 1.0000                            | 1.0345                 | 1.0371                 | 0.9996        | 0.9962    | 0.9944                |
| MRSA Northeast SDA | 1.0000                            | 1.0328                 | 1.0318                 | 1.0000        | 0.9971    | 0.9921                |
| MRSA West SDA      | 1.0000                            | 1.0515                 | 0.9997                 | 0.9994        | 0.9981    | 0.9949                |