

**STATE OF TEXAS
MEDICAID MANAGED CARE
RATE SETTING
PHARMACY CARVE-IN
STATE FISCAL YEAR 2015**

Prepared for:

Texas Health and Human Services Commission

Uniform Managed Care Contract V2.11, STAR+PLUS Expansion Contract V1.16, STAR+PLUS
MRSA Contract V1.2, STAR Health Contract V1.20 and CHIP RSA Contract V1.14

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May 30, 2014

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I. Introduction

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

Rudd and Wisdom, Inc. has been retained by HHSC to develop the pharmacy carve-in premium rates for the period fiscal year 2015 (FY2015, September 1, 2014 through August 31, 2015) for those MCOs participating in the Texas Medicaid and CHIP managed care programs. This report presents the rating methodology and assumptions used in developing the pharmacy carve-in premium rates.

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

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

- Monthly detailed enrollment files for the period September 2007 through February 2014. These files (provided by HHSC) include identification information, health plan code, risk group, ZIP Code and date of birth for all Medicaid and CHIP members.
- Projected monthly enrollment by program, service area, health plan and risk group for FY2015. These projections were prepared by HHSC System Forecasting staff.
- Financial Statistical Reports (FSR) for each participating MCO for fiscal years ending August 31, 2014 and August 31, 2013 and the six month period ending February 28, 2014. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the MCO.
- Monthly Fee-for Service (FFS) pharmacy claim files for the period September 2007 through February 2014 provided by HHSC and its subcontractor. These files included detailed FFS claims information on all Medicaid and CHIP pharmacy claims paid during the applicable month.
- Monthly managed care pharmacy claim files for the period March 2012 through February 2014 provided by the MCOs. These files included detailed managed care claims information on all Medicaid and CHIP pharmacy claims paid during the applicable month.
- Summary pharmacy claim reports provided by HHSC and its subcontractor which included monthly paid claim amounts. These reports were used to confirm that all pharmacy claims and payments were included in our analysis.

- Information from HHSC regarding recent changes in covered prescription drug services and pharmacy reimbursement under the VDP.
- Information provided by VDP and its contractors regarding the anticipated impact on pharmacy utilization from recent changes to the Preferred Drug List (restrictions on grandfathering and inclusion of new drug classes) and a new Attention Deficit Hyperactivity Disorder (ADHD) clinical edit.
- A report from the Department of Aging and Disability Services (DADS) listing all Intellectual and Developmental Disability (IDD) clients enrolled in the program during the period September 2012 through February 2014.
- Pharmacy claim lag reports provided by the MCOs which include monthly paid claims amounts by incurred month by program, service area, health plan and risk group for the period March 2012 through February 2014.
- Pharmacy refund and expense information provided by the MCOs regarding items not included in the claims lag reports.
- FY2013 acuity risk adjustment analysis provided by the External Quality Review Organization (EQRO) for each participating health plan.
- Information from MCOs regarding administrative cost, pharmacy reimbursement and other provisions included in their PBM contracts.

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

II. Overview of the Rate Setting Methodology

The actuarial model used to derive the FY2015 (the rating period) MCO pharmacy carve-in premium rates relies primarily on managed care claims experience. The historical claims experience for each program, service area, health plan and risk group was analyzed and estimates for the base period (January 1, 2013 through December 31, 2013) were developed. These estimates were then projected forward to the rating period using assumed trend rates. Additional adjustments were made to the historical experience to reflect any programmatic changes in covered services, member cost sharing or pharmacy reimbursement. Administrative expenses, risk margin and premium tax were added to the claims component in order to project the total rating period cost under the MCOs. These projected total cost rates were then used to produce a set of community rates for each program and service area.

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

- STAR
- STAR+PLUS
- STAR+PLUS MRSA Expansion
- STAR+PLUS IDD Expansion
- STAR Health
- CHIP
- CHIP Perinatal

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

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

The risk groups included in the analysis are as follows:

STAR Program

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

- Children Ages 19 to 20 Years
- TANF Adults
- Pregnant Women

STAR+PLUS Program

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

CHIP Program

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

CHIP Perinatal Program

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

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

After accumulating all of the information to be used in the rate setting process, a comparison of the various sources of claims data was performed to check for consistency. We compared (i) the detailed claim files, (ii) FSRs and (iii) claim lag reports provided by the MCOs. There was satisfactory consistency between the three claims data sources.

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

HHSC utilizes a risk-adjusted community rating methodology in setting the pharmacy carve-in premium rates. The community rates vary by program, service area and risk group but are the same for each MCO in a service area. Attachment 2 presents the summary community rating exhibit for each program, service area and risk group along with a description of the analysis. The community rate in each service area was then adjusted to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective memberships. Additional information regarding risk adjustment is included in Section IV below under Risk Adjustment.

III. Expansion Populations

Effective September 1, 2014, the STAR+PLUS program will expand to the remainder of Texas, the Medicaid Rural Service Area (MRSA) and add a new covered population, the Intellectual and Developmental Disabilities (IDD) program. The MRSA is comprised of three service areas – Central, Northeast and West. Medicaid Only clients in the MRSA are currently covered under managed care as STAR MRSA SSI clients. IDD clients in non-MRSA areas currently receive Medicaid services through FFS. In the MRSA, some IDD clients currently receive services through FFS and some through STAR.

IV. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2015 pharmacy carve-in premium rate setting process.

Trend Factors

The rating methodology uses assumed trend factors to adjust the base period (January 1, 2013 through December 31, 2013) claims cost to the rating period (FY2015). The cost trend factors used in this analysis are a combination of utilization and inflation components. The trend rate assumptions were developed by the actuary based on an analysis of recent pharmacy claims experience under the various Medicaid and CHIP programs and the actuary's judgment regarding anticipated future cost changes. The trend rate assumption varies by program and risk group but is the same for all service areas.

The trend analysis included a review of managed care claims experience data paid through February 28, 2014. Based on this information, estimates of monthly incurred claims were determined through December 2013. The per-capita claims cost and trend experience was reviewed separately by program, service area and risk group. The service area trends were then combined into a statewide average using a weighted average formula with current enrollment as the weights.

The trend assumptions for the remainder of FY2014 and all of FY2015 were developed using the following formulas:

For STAR, the trend assumption for each risk group equals the maximum of (i) the simple average of (a) the trend assumption used in developing the FY2014 pharmacy capitation rates and (b) the actual trend during the period March 1, 2013 through November 30, 2013 and (ii) 2.5%.

For STAR+PLUS, the trend assumption equals the actual trend during the period March 1, 2013 through November 30, 2013. This assumption was also used for the STAR+PLUS MRSA expansion and IDD expansion services areas and risk groups.

For STAR Health, the trend assumption equals the maximum of (i) the simple average of (a) the trend assumption used in the developing the FY2014 pharmacy capitation rates and (b) the actual trend during the period March 1, 2013 through November 30, 2013 and (ii) 3.0%.

For CHIP and CHIP Perinatal, the trend assumption equals the maximum of (i) the simple average of (a) the trend assumption used in the developing the FY2014 pharmacy capitation rates and (b) the actual trend during the period March 1, 2013 through November 30, 2013 and (ii) 2.5%.

The recent pharmacy experience trends in STAR have been especially low. This was caused by a number of popular drugs moving to generic and, in some cases, more aggressive pharmacy reimbursement by the health plans. We do not expect the STAR pharmacy trends to be as low in the rating period. As a result, we included a minimum amount in the trend formula, as described above. We also analyzed the cost impact of

recent generic debuts and the impact of those drugs expected to become generic through FY2015. Based on this analysis, it is our opinion that the selected trend assumptions made reasonable provision for pharmacy cost increases.

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

	<u>Rating Period Trend Assumption</u>
<u>STAR</u>	
Children Under Age One Year	2.5 %
Children Ages 1 to 5 Years	2.5 %
Children Ages 6 to 14 Years	2.5 %
Children Ages 15 to 18 Years	2.5 %
Children Ages 19 to 20 Years	4.8 %
TANF Adults	7.3 %
Pregnant Women	6.3 %
<u>STAR+PLUS</u>	
Medicaid Only OCC	5.5 %
Medicaid Only HCBS	5.5 %
IDD Under Age 21	5.5 %
IDD Age 21 and Over	5.5 %
<u>STAR Health</u>	
All Clients	3.0 %
<u>CHIP and CHIP Perinatal</u>	
All Clients	6.1 %

Preferred Drug List Changes

HHSC recently implemented several cost containment initiatives in the prescription drug program. Clients receiving drugs in certain drug classes were previously allowed to continue taking a medication when it moved from preferred status to non-preferred status. This is known as grandfathering. HHSC eliminated grandfathering for the antidepressant and growth hormone drug categories effective January 1, 2014 and the antipsychotic and insulin categories effective May 1, 2014. The elimination of grandfathering results in a more rapid shift to less costly preferred drugs.

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

Attachment 4 presents the derivation of the adjustment factors for the elimination of grandfathering and the addition of the new drug classes.

ADHD Clinical Edit

Effective February 13, 2014, HHSC implemented a new clinical edit designed to address the overutilization of prescription drugs used to treat Attention Deficit Hyperactivity Disorder (ADHD). VDP staff provided a list of ADHD drugs that would be impacted by the new edit.

Based on the information available, we were not able to apply all of the parameters of the new edit to the historical experience. Our cost analysis included only the age limitation portion of the edit. We assumed that all extended release (ER) and non-stimulate (NS) ADHD formulations would be denied for children under age 6. In addition, all immediate release (IR) ADHD formulations would be denied for children under age 3. In each of these cases, we assumed that the client would receive alternative therapy and included the cost of that therapy as an offset to any savings.

Attachment 5 presents the derivation of the adjustment factors for the new ADHD clinical edit. Please note that HHSC has recently revised the new ADHD clinical edit. However, the revisions did not impact the age limitation portion of the edit and, therefore, did not impact our cost analysis.

ESRD and Ventilator-dependent Clients

Previously, STAR+PLUS members who were diagnosed with End Stage Renal Disease (ESRD) or became ventilator dependent were disenrolled from managed care. Effective September 1, 2013, this disenrollment is no longer allowed. In addition, affected members who were previously disenrolled from STAR+PLUS were re-enrolled in managed care.

HHSC provided member identification numbers for those 114 members who were disenrolled from STAR+PLUS as a result of being diagnosed with ESRD or becoming ventilator dependent during the period September 1, 2012 through August 31, 2013. We determined the FFS enrollment and claims experience for these disenrolled members during the experience period and developed appropriate adjustment factors. Attachment 6 presents a summary of our analysis of the impact of this program change.

IDD Adjustments

In developing the pharmacy capitation rates for the new IDD population we began by obtaining a report from the Department of Aging and Disability Services (DADS) which listed all IDD clients enrolled in the program during the period September 2012 through February 2014. We then used the monthly Medicaid eligibility files to determine the service area, age and plan (FFS or managed care) for each IDD client for each month enrolled. We next obtained pharmacy claims experience for each of these clients using the encounter data from FFS and managed care. From that point the pharmacy capitation rates were determined as described in Section II above.

In addition to the PDL and ADHD adjustments described above, the rate development for

IDD clients includes adjustments for (i) unlimited prescriptions and (ii) managed care savings. These adjustments are described below.

Unlimited Prescriptions. Adults (clients age 21 and over) in Medicaid FFS have a three prescription per month limit while those adult clients in managed care receive unlimited prescriptions. In order to recognize the increase in benefit (and cost) for adult clients moving from FFS to managed care, we developed adjustment factors for adult IDD clients currently in FFS.

In order to evaluate the cost impact of moving to unlimited prescriptions, we reviewed the experience of adult SSI clients who moved from FFS to managed care effective March 1, 2012 in the MRSA areas for STAR and the El Paso, Hidalgo and Lubbock areas for STAR+PLUS. Attachment 7 presents a summary of our analysis. We assumed that moving from a three prescription limit to unlimited prescriptions would increase the per-capita pharmacy cost for adult IDD FFS clients by 20%.

Managed Care Savings. MCO pharmacy reimbursement differs significantly from that under VDP. The dispensing fee under VDP averages approximately \$8.00 per prescription while the average MCO dispensing fee is around \$1.50 per prescription. On the ingredient cost side, the MCOs pay the pharmacies more than VDP for the same drugs. For brand drugs, the mean Average Wholesale Price (AWP) discount for the MCOs is around 16% while the VDP discount is around 18.3%.

Based on the experience of the first two years under pharmacy carve-in, we have assumed a 5% managed care discount factor for IDD clients moving from FFS to managed care. The 5% assumption was developed assuming that overall pharmacy reimbursement under carve-in would be 4% lower than that under VDP and that the MCOs will have a positive impact on utilization representing 1% of prescription drug cost.

MRSA IDD Adjustment

As noted above, the STAR+PLUS program will expand to the MRSA region effective September 1, 2014. SSI clients in the MRSA are currently covered under STAR. The experience for these clients formed the basis for our STAR+PLUS MRSA Expansion pharmacy rate analysis. However, the STAR SSI experience also includes some IDD clients. Since IDD clients will now have a new, separate risk group in STAR+PLUS, it is necessary to remove their experience from the base period for purposes of developing rates for the SSI risk groups. Attachment 8 presents the derivation of our cost analysis for removing IDD members from SSI risk groups.

Family Planning Adjustment

Some of the MCOs that participate in the STAR, CHIP and CHIP Perinatal programs do not provide family planning services. In these cases, family planning services are carved out and paid for through FFS. In developing the base period experience for these MCOs, we included family planning prescription drugs paid for through FFS.

Small Sample Size Adjustments

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

Risk Adjustment

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

The base community rate in each service area was adjusted to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective memberships. The risk analysis was performed by the University of Florida's Institute for Child Health Policy (IHP). The methodology used to incorporate the acuity risk adjustment is the Chronic Illness and Disability Payment System (CDPS). The same acuity risk adjustment factors are used for pharmacy carve-in as are used for medical. Additional information regarding acuity risk adjustment is included in the report titled State of Texas Medicaid Managed Care STAR Program Rate Setting State Fiscal Year 2015.

For all STAR and CHIP and existing STAR+PLUS services areas, we used 100% of the risk adjustment factors without adjustment. No acuity risk adjustment is made for the STAR+PLUS IDD expansion population. There will be several changes in the MCOs providing services to SSI clients in the STAR+PLUS MRSA expansion areas. Applying risk adjustment factors in these areas requires assumptions regarding the 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 retain 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.

Although the results of the risk adjustment analysis were reviewed for reasonableness,

Rudd and Wisdom, Inc. did not audit the risk adjustment data or the results of ICHP's analysis.

Rebates

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

V. Administrative Fees and Risk Margin

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

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

VI. Summary

Attachment 1 presents the results of the FY2015 pharmacy carve-in rating analysis for each of the Medicaid and CHIP managed care programs.

VII. Actuarial Certification of FY2015 Pharmacy Carve-in Premium Rates

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

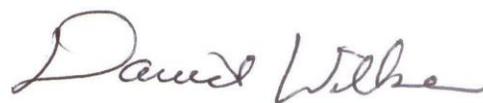
Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their pharmacy carve-in rate-setting methodology, assumptions and resulting premium rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c). The premium rates for the pharmacy carve-in program are effective for the period fiscal year 2015 (FY2015, September 1, 2014 through August 31, 2015).

I certify that the pharmacy carve-in premium rates developed by HHSC and Rudd and Wisdom, Inc. 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, Inc. has developed these rates on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c). Any health plan contracting with the State should analyze its own projected premium needs before deciding whether to contract with the State.



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

VIII. Attachments

Attachment 1

Summary of Pharmacy Carve-in Rating Analysis

The attached exhibit presents the resulting FY2015 pharmacy carve-in premium rates. The exhibit includes premium rates by service area, health plan and risk group for the STAR, STAR+PLUS, STAR Health, CHIP and CHIP Perinatal programs.

STAR Program

Service Area/MCO	Children <1	Children 1-5	Children 6-14	Children 15-18	Children 19-20	TANF Adults	Pregnant Women
Bexar-Aetna	\$ 22.03	\$ 19.61	\$ 38.28	\$ 33.67	\$ 31.44	\$ 103.75	\$ 48.20
Bexar-Amerigroup	19.16	27.04	29.34	27.23	26.19	86.25	44.79
Bexar-CFHP	19.26	21.00	41.03	35.35	25.91	117.70	45.66
Bexar-Superior	22.53	23.15	44.02	37.15	34.00	122.18	48.05
Dallas-Amerigroup	26.79	25.10	35.30	37.96	39.41	88.62	47.05
Dallas-Molina	28.39	29.52	28.51	29.00	32.89	86.34	45.16
Dallas-Parkland	28.22	27.29	36.42	38.87	39.61	83.45	47.71
El Paso-El Paso First	29.36	23.69	34.11	36.47	55.01	93.48	35.67
El Paso-Molina	29.68	28.97	20.83	24.28	36.50	69.90	32.04
El Paso-Superior	36.51	25.78	35.17	38.34	61.36	94.27	35.58
Harris-Amerigroup	32.34	22.96	28.21	28.75	34.28	124.31	52.82
Harris-CHC	29.98	24.43	30.26	29.81	34.58	109.86	53.37
Harris-Molina	29.37	27.70	31.64	30.78	26.97	102.50	48.08
Harris-TCHP	26.13	25.90	36.68	36.45	34.32	99.41	51.80
Harris-United	31.54	33.19	36.06	37.27	41.97	140.76	54.41
Hidalgo-Driscoll	49.78	40.13	37.65	41.19	33.99	90.92	47.58
Hidalgo-Molina	48.89	43.44	45.12	40.21	40.31	129.95	47.92
Hidalgo-Superior	55.56	48.77	47.23	45.23	39.32	139.48	48.86
Hidalgo-United	52.37	50.19	44.24	44.99	43.59	129.16	48.71
Jefferson-Amerigroup	37.66	35.89	45.04	39.93	59.88	140.51	43.40
Jefferson-CHC	37.18	30.09	49.26	43.66	45.27	112.21	45.15
Jefferson-Molina	31.72	36.54	57.81	40.71	48.96	128.76	44.33
Jefferson-TCHP	38.51	30.96	52.40	50.57	51.17	118.28	46.93
Jefferson-United	36.29	30.37	48.26	40.51	42.31	137.58	44.75
Lubbock-Amerigroup	24.10	23.29	30.76	28.98	85.80	83.25	37.90
Lubbock-Firstcare	25.48	24.33	35.26	33.91	70.75	128.78	38.53
Lubbock-Superior	29.02	22.28	34.95	35.72	58.51	118.72	39.05
Nueces-Christus	28.24	29.10	44.36	31.43	21.09	87.30	45.28
Nueces-Driscoll	32.99	33.41	53.45	44.61	32.71	113.45	45.08
Nueces-Superior	39.02	35.58	54.34	40.07	34.14	144.21	47.96
Tarrant-Aetna	21.09	15.00	25.17	27.11	56.70	110.33	51.92
Tarrant-Amerigroup	22.31	20.06	30.64	33.72	55.05	119.32	51.73
Tarrant-Cook	24.63	23.52	43.09	46.97	59.20	95.01	51.06
Travis-BCBSTX	23.08	15.84	24.91	25.11	25.83	95.28	43.76
Travis-Sendero	19.84	24.04	24.89	32.21	15.69	69.22	40.45
Travis-Seton	18.79	16.07	25.60	29.83	23.99	80.39	39.24
Travis-Superior	24.34	18.34	29.55	34.02	28.33	112.70	44.46
MRSA Cent-Amerigroup	20.32	15.44	32.89	29.11	25.22	93.64	37.29
MRSA Cent-S&W	23.39	21.55	39.51	43.32	28.09	102.75	37.87
MRSA Cent-Superior	21.15	18.05	35.87	34.03	28.17	107.08	38.87
MRSA NE-Amerigroup	26.42	24.31	41.64	38.59	37.57	122.59	43.96
MRSA NE-Superior	27.14	24.18	41.83	37.71	43.73	126.50	43.11
MRSA West-Amerigroup	27.14	21.38	35.17	32.49	38.14	95.53	32.82
MRSA West-Firstcare	25.91	21.48	37.19	34.34	43.71	125.76	32.75
MRSA West-Superior	23.93	19.29	38.06	35.27	45.84	116.40	33.07

STAR+PLUS Program

Service Area	Medicaid Only OCC	Medicaid Only HCBS	IDD < Age 21	IDD Age 21+
Bexar-Amerigroup	\$ 387.23	\$ 710.86	\$ 414.50	\$ 549.18
Bexar-Molina	347.48	631.83	414.50	549.18
Bexar-Superior	409.43	730.31	414.50	549.18
Dallas-Molina	345.79	727.37	388.89	434.70
Dallas-Superior	346.45	725.66	388.89	434.70
El Paso-Amerigroup	457.77	857.51	252.35	576.67
El Paso-Molina	460.75	769.67	252.35	576.67
Harris-Amerigroup	388.36	901.74	449.42	565.58
Harris-Molina	367.26	838.95	449.42	565.58
Harris-United	454.86	785.42	449.42	565.58
Hidalgo-Healthspring	374.76	658.48	497.57	506.99
Hidalgo-Molina	350.89	845.30	497.57	506.99
Hidalgo-Superior	363.62	687.05	497.57	506.99
Jefferson-Amerigroup	365.27	880.85	443.77	417.33
Jefferson-Molina	394.78	751.54	443.77	417.33
Jefferson-United	462.12	909.19	443.77	417.33
Lubbock-Amerigroup	401.57	601.57	502.82	485.09
Lubbock-Superior	374.72	640.66	502.82	485.09
Nueces-Superior	404.36	758.96	402.16	612.88
Nueces-United	376.18	680.99	402.16	612.88
Tarrant-Amerigroup	446.81	897.44	388.35	488.02
Tarrant-Healthspring	381.49	707.49	388.35	488.02
Travis-Amerigroup	429.01	1,085.55	410.68	560.42
Travis-United	413.77	994.55	410.68	560.42
MRSA Central - Superior	325.65	651.31	670.84	412.33
MRSA Central - United	299.86	599.72	670.84	412.33
MRSA NE - Healthspring	353.01	706.02	529.54	442.76
MRSA NE - United	353.01	706.02	529.54	442.76
MRSA West - Amerigroup	334.36	668.73	509.42	458.26
MRSA West - Superior	351.58	703.16	509.42	458.26

STAR Health Program \$ 159.61

CHIP Program

Service Area	CHIP				CHIP Perinatal		
	Age <1	Age 1-5	Age 6-14	Age 15-18	Perinate <185%	Perinate 185%+	Newborn 185%+
Bexar-Aetna	\$ 13.33	\$ 16.41	\$ 31.22	\$ 27.29	\$ 18.16	\$ 31.71	\$ 10.61
Bexar-Amerigroup	13.33	12.83	26.09	23.95	18.16	31.71	10.61
Bexar-CFHP	13.33	17.31	31.73	32.81	18.16	31.71	10.61
Bexar-Superior	13.33	16.89	33.29	29.36	18.16	31.71	10.61
Dallas-Amerigroup	13.33	21.67	32.80	39.26	8.98	31.71	10.61
Dallas-Molina	13.33	18.20	26.91	30.58	8.98	31.71	10.61
Dallas-Parkland	13.33	20.71	34.01	41.37	8.98	31.71	10.61
El Paso-El Paso First	13.33	16.53	26.46	24.15	25.37	31.71	10.61
El Paso-Superior	13.33	17.41	29.94	26.24	25.37	31.71	10.61
Harris-Amerigroup	13.33	20.58	24.50	32.53	35.41	31.71	10.61
Harris-CHC	13.33	17.49	22.51	28.56	35.41	31.71	10.61
Harris-Molina	13.33	20.17	23.20	36.66	35.41	31.71	10.61
Harris-TCHP	13.33	20.23	30.36	36.37	35.41	31.71	10.61
Harris-United	13.33	15.14	24.22	30.03	35.41	31.71	10.61
Jefferson-Amerigroup	13.33	13.48	36.86	25.31	27.95	31.71	10.61
Jefferson-CHC	13.33	22.15	31.78	42.01	27.95	31.71	10.61
Jefferson-Molina	13.33	21.04	34.39	24.03	27.95	31.71	10.61
Jefferson-TCHP	13.33	25.06	37.31	44.32	27.95	31.71	10.61
Jefferson-United	13.33	19.77	37.30	38.41	27.95	31.71	10.61
Lubbock-Firstcare	13.33	20.26	30.13	34.61	19.56	31.71	10.61
Lubbock-Superior	13.33	16.06	31.66	32.77	19.56	31.71	10.61
Nueces-Christus	13.33	12.95	31.80	26.59	29.08	31.71	10.61
Nueces-Driscoll	13.33	22.17	41.54	36.04	29.08	31.71	10.61
Nueces-Superior	13.33	27.60	38.91	31.91	29.08	31.71	10.61
Tarrant-Aetna	13.33	13.99	23.28	26.07	34.25	31.71	10.61
Tarrant-Amerigroup	13.33	15.45	29.46	29.39	34.25	31.71	10.61
Tarrant-Cook	13.33	20.11	37.31	39.80	34.25	31.71	10.61
Travis-BCBSTX	13.33	14.73	24.30	29.58	17.66	31.71	10.61
Travis-Sendero	13.33	9.64	17.62	22.80	17.66	31.71	10.61
Travis-Seton	13.33	14.21	26.00	32.53	17.66	31.71	10.61
Travis-Superior	13.33	14.24	25.77	34.33	17.66	31.71	10.61
RSA-Molina	13.33	26.24	33.74	29.09	25.89	31.71	10.61
RSA-Superior	13.33	29.40	38.60	33.95	25.89	31.71	10.61

Attachment 2

Community Experience Analysis

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

Below is a brief description of the exhibits contained in this attachment. The exhibits present the derivation of the FY2015 (rating period) pharmacy carve-in community premium rates for the programs listed below. Each exhibit contains the rate derivation for each service area and risk group included in the program.

- Exhibit A – STAR Program
- Exhibit B – STAR+PLUS Program
- Exhibit C – STAR+PLUS MRSA Expansion Program
- Exhibit D – STAR+PLUS IDD Expansion Program
- Exhibit E – STAR Health Program
- Exhibit F – CHIP Program
- Exhibit G – CHIP Perinatal Program

The actuarial model used to derive the premium rates relies primarily on managed care pharmacy claims experience. The historical claims experience for each program, service area and risk group was analyzed and estimates for the base period (January 1, 2013 through December 31, 2013) were developed. The top portion of the attached exhibits show summary base period enrollment and claims experience and projected rating period enrollment. The base period per capita claims cost estimates were then projected forward to the rating period using assumed trend rates. Administrative expenses (\$1.80 pmpm), risk margin (2.0%) and premium tax (1.75%) were added to the claims component in order to project the total rating period cost.

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Bexar Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	233,750		781,838		974,190		270,807		9,936	
Experience Period Cost										
Estimated Incurred Claims	4,262,011	18.23	15,251,622	19.51	36,112,671	37.07	8,546,647	31.56	262,069	26.37
Other Costs/Refunds	-45,467	-0.19	-137,797	-0.18	-189,337	-0.19	-57,485	-0.21	-9,811	-0.99
Total Cost	4,216,544	18.04	15,113,826	19.33	35,923,334	36.88	8,489,162	31.35	252,257	25.39
Projected FY2015 Member Months	244,290		832,489		1,428,496		385,853		9,797	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9900		0.9886		0.9922		0.9928		0.9935	
ADHD Clinical Edit	1.0000		0.9762		1.0000		1.0000		1.0000	
Projected Incurred Claims	4,545,886	18.61	16,183,366	19.44	54,460,849	38.12	12,513,007	32.43	267,182	27.27
Administrative Expenses	439,722	1.80	1,498,481	1.80	2,571,293	1.80	694,535	1.80	17,635	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	5,179,852	21.20	18,370,750	22.07	59,254,174	41.48	13,722,121	35.56	295,913	30.20

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Bexar Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	123,268		119,948		2,513,737	
Experience Period Cost						
Estimated Incurred Claims	12,031,306	97.60	4,782,788	39.87	81,249,114	32.32
Other Costs/Refunds	-44,506	-0.36	-39,193	-0.33	-523,595	-0.21
Total Cost	11,986,801	97.24	4,743,596	39.55	80,725,520	32.11
Projected FY2015 Member Months	139,978		123,999		3,164,902	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9841		0.9957			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	15,064,376	107.62	5,406,112	43.60	108,440,777	34.26
Administrative Expenses	251,960	1.80	223,199	1.80	5,696,824	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	15,913,076	113.68	5,848,634	47.17	118,584,521	37.47

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Dallas Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	375,506		1,389,804		1,703,273		435,402		11,071	
Experience Period Cost										
Estimated Incurred Claims	9,019,347	24.02	32,114,840	23.11	53,413,770	31.36	14,643,480	33.63	369,406	33.37
Other Costs/Refunds	-25,941	-0.07	-104,245	-0.08	-138,617	-0.08	-35,394	-0.08	-841	-0.08
Total Cost	8,993,406	23.95	32,010,595	23.03	53,275,153	31.28	14,608,087	33.55	368,565	33.29
Projected FY2015 Member Months	387,105		1,484,129		2,509,050		672,353		12,124	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9914		0.9923		0.9953		0.9963		0.9972	
ADHD Clinical Edit	1.0000		0.9887		1.0000		1.0000		1.0000	
Projected Incurred Claims	9,577,616	24.74	34,945,606	23.55	81,391,110	32.44	23,418,731	34.83	435,196	35.90
Administrative Expenses	696,789	1.80	2,671,432	1.80	4,516,291	1.80	1,210,235	1.80	21,823	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	10,674,706	27.58	39,082,637	26.33	89,254,442	35.57	25,588,536	38.06	474,825	39.16

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Dallas Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	122,505		148,870		4,186,431	
Experience Period Cost						
Estimated Incurred Claims	8,968,910	73.21	5,900,550	39.64	124,430,304	29.72
Other Costs/Refunds	-9,531	-0.08	-10,416	-0.07	-324,985	-0.08
Total Cost	8,959,379	73.13	5,890,135	39.57	124,105,319	29.64
Projected FY2015 Member Months	137,337		152,471		5,354,569	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9886		0.9973			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	11,166,875	81.31	6,661,218	43.69	167,596,352	31.30
Administrative Expenses	247,207	1.80	274,448	1.80	9,638,224	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	11,858,787	86.35	7,205,887	47.26	184,139,820	34.39

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 El Paso Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	111,578		394,457		554,779		177,067		4,769	
Experience Period Cost										
Estimated Incurred Claims	3,261,789	29.23	8,652,990	21.94	16,768,824	30.23	5,814,592	32.84	237,368	49.77
Other Costs/Refunds	-23,971	-0.21	-88,162	-0.22	-123,755	-0.22	-39,483	-0.22	-1,043	-0.22
Total Cost	3,237,818	29.02	8,564,828	21.71	16,645,069	30.00	5,775,109	32.62	236,325	49.55
Projected FY2015 Member Months	117,749		427,055		839,967		225,916		4,846	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9968		0.9938		0.9943		0.9942		0.9947	
ADHD Clinical Edit	1.0000		0.9902		1.0000		1.0000		1.0000	
Projected Incurred Claims	3,549,046	30.14	9,508,181	22.26	26,110,698	31.09	7,633,360	33.79	258,293	53.30
Administrative Expenses	211,948	1.80	768,698	1.80	1,511,941	1.80	406,648	1.80	8,723	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,907,527	33.19	10,677,277	25.00	28,698,845	34.17	8,353,256	36.98	277,419	57.24

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 El Paso Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	52,380		54,493		1,349,524	
Experience Period Cost						
Estimated Incurred Claims	4,022,007	76.78	1,585,772	29.10	40,343,342	29.89
Other Costs/Refunds	-9,987	-0.19	6,464	0.12	-279,937	-0.21
Total Cost	4,012,020	76.59	1,592,236	29.22	40,063,405	29.69
Projected FY2015 Member Months	58,291		57,157		1,730,980	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9878		0.9977			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	4,959,795	85.09	1,844,818	32.28	53,864,190	31.12
Administrative Expenses	104,924	1.80	102,882	1.80	3,115,765	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	5,262,045	90.27	2,023,584	35.40	59,199,953	34.20

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Harris Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	655,126		2,256,090		2,648,916		699,156		18,066	
Experience Period Cost										
Estimated Incurred Claims	16,740,806	25.55	49,989,327	22.16	77,065,963	29.09	20,296,265	29.03	531,518	29.42
Other Costs/Refunds	-77,763	-0.12	-267,343	-0.12	-311,678	-0.12	-82,260	-0.12	-2,110	-0.12
Total Cost	16,663,044	25.43	49,721,984	22.04	76,754,284	28.98	20,214,005	28.91	529,408	29.30
Projected FY2015 Member Months	676,252		2,405,490		3,903,333		1,046,608		19,452	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9915		0.9915		0.9944		0.9936		0.9948	
ADHD Clinical Edit	1.0000		0.9867		1.0000		1.0000		1.0000	
Projected Incurred Claims	17,770,665	26.28	54,043,882	22.47	117,193,721	30.02	31,329,038	29.93	613,153	31.52
Administrative Expenses	1,217,253	1.80	4,329,882	1.80	7,025,999	1.80	1,883,895	1.80	35,014	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	19,727,707	29.17	60,648,067	25.21	129,059,450	33.06	34,506,944	32.97	673,421	34.62

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Harris Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	208,699		266,589		6,752,642	
Experience Period Cost						
Estimated Incurred Claims	20,467,769	98.07	11,900,251	44.64	196,991,899	29.17
Other Costs/Refunds	-23,386	-0.11	-32,390	-0.12	-796,929	-0.12
Total Cost	20,444,383	97.96	11,867,861	44.52	196,194,969	29.05
Projected FY2015 Member Months	231,835		272,874		8,555,844	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9870		0.9969			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	25,208,600	108.74	13,408,040	49.14	259,567,099	30.34
Administrative Expenses	417,303	1.80	491,172	1.80	15,400,519	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	26,624,314	114.84	14,440,740	52.92	285,680,642	33.39

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Hidalgo Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	321,705		1,196,202		1,644,939		479,782		13,623	
Experience Period Cost										
Estimated Incurred Claims	15,297,837	47.55	50,483,810	42.20	65,874,067	40.05	18,676,281	38.93	459,683	33.74
Other Costs/Refunds	-43,228	-0.13	-165,534	-0.14	-229,553	-0.14	-66,920	-0.14	-1,837	-0.13
Total Cost	15,254,610	47.42	50,318,277	42.07	65,644,513	39.91	18,609,361	38.79	457,847	33.61
Projected FY2015 Member Months	342,999		1,281,304		2,410,630		650,543		15,975	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9925		0.9934		0.9941		0.9948		0.9968	
ADHD Clinical Edit	1.0000		0.9881		1.0000		1.0000		1.0000	
Projected Incurred Claims	16,820,494	49.04	55,127,894	43.02	99,651,161	41.34	26,156,051	40.21	578,649	36.22
Administrative Expenses	617,397	1.80	2,306,346	1.80	4,339,135	1.80	1,170,977	1.80	28,754	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	18,117,290	52.82	59,671,938	46.57	108,041,866	44.82	28,391,717	43.64	631,068	39.50

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Hidalgo Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	135,507		130,677		3,922,436	
Experience Period Cost						
Estimated Incurred Claims	15,013,916	110.80	5,314,302	40.67	171,119,896	43.63
Other Costs/Refunds	-16,644	-0.12	-17,895	-0.14	-541,610	-0.14
Total Cost	14,997,271	110.67	5,296,407	40.53	170,578,286	43.49
Projected FY2015 Member Months	151,082		137,400		4,989,932	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9895		0.9980			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	18,607,039	123.16	6,153,533	44.79	223,094,821	44.71
Administrative Expenses	271,947	1.80	247,321	1.80	8,981,878	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	19,614,531	129.83	6,650,237	48.40	241,118,648	48.32

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Jefferson Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	76,738		243,544		291,475		82,864		3,418	
Experience Period Cost										
Estimated Incurred Claims	2,540,736	33.11	6,978,225	28.65	13,155,070	45.13	3,340,874	40.32	144,788	42.36
Other Costs/Refunds	-17,161	-0.22	-44,632	-0.18	-55,560	-0.19	-15,816	-0.19	-676	-0.20
Total Cost	2,523,575	32.89	6,933,593	28.47	13,099,510	44.94	3,325,059	40.13	144,113	42.16
Projected FY2015 Member Months	81,557		257,969		423,448		114,984		3,477	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9881		0.9921		0.9950		0.9938		0.9929	
ADHD Clinical Edit	1.0000		0.9637		1.0000		1.0000		1.0000	
Projected Incurred Claims	2,761,493	33.86	7,316,777	28.36	19,731,041	46.60	4,777,928	41.55	157,390	45.27
Administrative Expenses	146,803	1.80	464,345	1.80	762,206	1.80	206,971	1.80	6,259	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,021,606	37.05	8,084,283	31.34	21,291,685	50.28	5,179,116	45.04	170,025	48.90

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Jefferson Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	44,916		39,454		782,408	
Experience Period Cost						
Estimated Incurred Claims	4,742,719	105.59	1,501,727	38.06	32,404,140	41.42
Other Costs/Refunds	-10,800	-0.24	-9,947	-0.25	-154,591	-0.20
Total Cost	4,731,919	105.35	1,491,780	37.81	32,249,548	41.22
Projected FY2015 Member Months	50,900		40,372		972,707	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9866		0.9960			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	5,949,738	116.89	1,683,379	41.70	42,377,746	43.57
Administrative Expenses	91,620	1.80	72,670	1.80	1,750,873	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	6,276,736	123.31	1,824,466	45.19	45,847,916	47.13

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Lubbock Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	79,547		246,414		295,203		77,194		3,014	
Experience Period Cost										
Estimated Incurred Claims	1,814,615	22.81	5,063,547	20.55	8,991,791	30.46	2,302,040	29.82	181,124	60.10
Other Costs/Refunds	-10,466	-0.13	-31,072	-0.13	-37,266	-0.13	-9,745	-0.13	-381	-0.13
Total Cost	1,804,149	22.68	5,032,475	20.42	8,954,525	30.33	2,292,295	29.70	180,743	59.98
Projected FY2015 Member Months	84,150		263,130		425,721		115,126		3,046	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9958		0.9939		0.9949		0.9949		0.9950	
ADHD Clinical Edit	1.0000		0.9837		1.0000		1.0000		1.0000	
Projected Incurred Claims	1,980,375	23.53	5,474,765	20.81	13,387,498	31.45	3,544,165	30.79	196,553	64.53
Administrative Expenses	151,470	1.80	473,634	1.80	766,298	1.80	207,227	1.80	5,483	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	2,214,905	26.32	6,180,154	23.49	14,705,243	34.54	3,897,550	33.85	209,908	68.91

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Lubbock Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	36,832		44,316		782,520	
Experience Period Cost						
Estimated Incurred Claims	3,445,013	93.53	1,424,809	32.15	23,222,938	29.68
Other Costs/Refunds	-5,825	-0.16	-6,034	-0.14	-100,789	-0.13
Total Cost	3,439,187	93.37	1,418,776	32.01	23,122,149	29.55
Projected FY2015 Member Months	40,991		45,060		977,224	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9866		0.9966			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	4,246,701	103.60	1,591,786	35.33	30,421,844	31.13
Administrative Expenses	73,783	1.80	81,108	1.80	1,759,003	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	4,488,815	109.51	1,738,072	38.57	33,434,647	34.21

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Nueces Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	84,388		262,531		333,641		91,604		3,392	
Experience Period Cost										
Estimated Incurred Claims	2,598,641	30.79	8,223,417	31.32	15,910,228	47.69	3,458,927	37.76	92,210	27.18
Other Costs/Refunds	-55,279	-0.66	-169,034	-0.64	-212,937	-0.64	-58,446	-0.64	-2,142	-0.63
Total Cost	2,543,362	30.14	8,054,383	30.68	15,697,292	47.05	3,400,481	37.12	90,068	26.55
Projected FY2015 Member Months	90,105		278,858		482,480		130,499		3,475	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9904		0.9897		0.9933		0.9939		0.9944	
ADHD Clinical Edit	1.0000		0.9599		1.0000		1.0000		1.0000	
Projected Incurred Claims	2,802,593	31.10	8,469,121	30.37	23,495,182	48.70	5,017,060	38.45	99,213	28.55
Administrative Expenses	162,188	1.80	501,945	1.80	868,464	1.80	234,898	1.80	6,256	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,080,292	34.19	9,320,588	33.42	25,312,879	52.46	5,456,579	41.81	109,578	31.53

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Nueces Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	41,229		47,795		864,579	
Experience Period Cost						
Estimated Incurred Claims	4,216,657	102.27	1,864,155	39.00	36,364,235	42.06
Other Costs/Refunds	-21,118	-0.51	-32,171	-0.67	-551,127	-0.64
Total Cost	4,195,538	101.76	1,831,984	38.33	35,813,108	41.42
Projected FY2015 Member Months	45,838		48,946		1,080,202	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9780		0.9939			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	5,130,420	111.92	2,064,543	42.18	47,078,131	43.58
Administrative Expenses	82,509	1.80	88,103	1.80	1,944,363	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	5,416,030	118.16	2,236,516	45.69	50,932,461	47.15

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Tarrant Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	263,656		851,691		1,017,595		258,487		7,122	
Experience Period Cost										
Estimated Incurred Claims	5,157,790	19.56	15,260,825	17.92	30,993,784	30.46	8,641,441	33.43	352,604	49.51
Other Costs/Refunds	-41,401	-0.16	-114,397	-0.13	-249,935	-0.25	-64,163	-0.25	-3,408	-0.48
Total Cost	5,116,389	19.41	15,146,428	17.78	30,743,849	30.21	8,577,278	33.18	349,196	49.03
Projected FY2015 Member Months	270,942		915,798		1,481,505		398,266		8,356	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9908		0.9873		0.9940		0.9946		0.9971	
ADHD Clinical Edit	1.0000		0.9852		1.0000		1.0000		1.0000	
Projected Incurred Claims	5,428,258	20.03	16,507,242	18.02	46,360,262	31.29	13,696,384	34.39	441,694	52.86
Administrative Expenses	487,695	1.80	1,648,437	1.80	2,666,710	1.80	716,879	1.80	15,040	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	6,146,444	22.69	18,863,043	20.60	50,937,113	34.38	14,974,819	37.60	474,529	56.79

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Tarrant Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	97,158		118,742		2,614,451	
Experience Period Cost						
Estimated Incurred Claims	9,275,103	95.46	5,234,657	44.08	74,916,203	28.65
Other Costs/Refunds	-32,051	-0.33	-81,030	-0.68	-586,383	-0.22
Total Cost	9,243,052	95.13	5,153,628	43.40	74,329,820	28.43
Projected FY2015 Member Months	109,003		121,461		3,305,331	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9860		0.9963			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	11,498,791	105.49	5,815,085	47.88	99,747,716	30.18
Administrative Expenses	196,205	1.80	218,629	1.80	5,949,595	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	12,150,645	111.47	6,268,794	51.61	109,815,389	33.22

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Travis Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	148,262		498,664		578,378		144,560		5,482	
Experience Period Cost										
Estimated Incurred Claims	2,921,629	19.71	7,840,721	15.72	14,380,765	24.86	4,151,033	28.71	123,222	22.48
Other Costs/Refunds	-25,372	-0.17	-102,008	-0.20	-116,617	-0.20	-29,115	-0.20	-1,063	-0.19
Total Cost	2,896,257	19.53	7,738,713	15.52	14,264,148	24.66	4,121,918	28.51	122,159	22.28
Projected FY2015 Member Months	154,230		528,478		819,991		222,025		6,129	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9971		0.9940		0.9935		0.9924		0.9950	
ADHD Clinical Edit	1.0000		0.9846		1.0000		1.0000		1.0000	
Projected Incurred Claims	3,130,311	20.30	8,363,861	15.83	20,935,520	25.53	6,546,541	29.49	146,934	23.97
Administrative Expenses	277,614	1.80	951,260	1.80	1,475,983	1.80	399,644	1.80	11,032	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	3,540,702	22.96	9,678,048	18.31	23,284,678	28.40	7,216,816	32.50	164,120	26.78

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Travis Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	74,449		62,218		1,512,013	
Experience Period Cost						
Estimated Incurred Claims	6,370,235	85.57	2,257,358	36.28	38,044,964	25.16
Other Costs/Refunds	-11,591	-0.16	-8,919	-0.14	-294,687	-0.19
Total Cost	6,358,643	85.41	2,248,439	36.14	37,750,277	24.97
Projected FY2015 Member Months	81,512		63,672		1,876,037	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9846		0.9952			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	7,708,826	94.57	2,535,420	39.82	49,367,413	26.31
Administrative Expenses	146,722	1.80	114,610	1.80	3,376,866	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	8,161,608	100.13	2,753,278	43.24	54,799,251	29.21

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA Central Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	126,737		412,795		485,106		129,309		4,896	
Experience Period Cost										
Estimated Incurred Claims	2,366,121	18.67	6,775,747	16.41	15,607,186	32.17	4,051,026	31.33	113,956	23.28
Other Costs/Refunds	-44,713	-0.35	-144,499	-0.35	-174,270	-0.36	-46,329	-0.36	-1,618	-0.33
Total Cost	2,321,408	18.32	6,631,248	16.06	15,432,916	31.81	4,004,698	30.97	112,337	22.95
Projected FY2015 Member Months	132,840		437,257		698,127		185,291		5,332	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9934		0.9892		0.9932		0.9927		0.9935	
ADHD Clinical Edit	1.0000		0.9586		1.0000		1.0000		1.0000	
Projected Incurred Claims	2,518,680	18.96	6,940,523	15.87	22,985,577	32.92	5,935,896	32.04	131,425	24.65
Administrative Expenses	239,111	1.80	787,063	1.80	1,256,628	1.80	333,523	1.80	9,597	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	2,865,238	21.57	8,028,661	18.36	25,186,707	36.08	6,513,682	35.15	146,516	27.48

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA Central Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	68,305		64,066		1,291,213	
Experience Period Cost						
Estimated Incurred Claims	6,002,815	87.88	2,054,317	32.07	36,971,168	28.63
Other Costs/Refunds	-21,858	-0.32	-19,416	-0.30	-452,703	-0.35
Total Cost	5,980,957	87.56	2,034,901	31.76	36,518,466	28.28
Projected FY2015 Member Months	75,838		65,891		1,600,575	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9860		0.9948			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	7,363,468	97.09	2,305,160	34.98	48,180,730	30.10
Administrative Expenses	136,509	1.80	118,603	1.80	2,881,034	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	7,792,184	102.75	2,518,195	38.22	53,051,184	33.15

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA Northeast Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	167,830		552,493		661,552		177,435		6,171	
Experience Period Cost										
Estimated Incurred Claims	4,056,517	24.17	12,290,103	22.24	25,081,282	37.91	6,116,988	34.47	223,958	36.29
Other Costs/Refunds	-141,504	-0.84	-465,081	-0.84	-555,416	-0.84	-148,942	-0.84	-5,150	-0.83
Total Cost	3,915,013	23.33	11,825,021	21.40	24,525,866	37.07	5,968,046	33.64	218,808	35.46
Projected FY2015 Member Months	175,746		587,214		957,534		253,244		6,542	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9907		0.9880		0.9940		0.9929		0.9938	
ADHD Clinical Edit	1.0000		0.9766		1.0000		1.0000		1.0000	
Projected Incurred Claims	4,232,168	24.08	12,636,254	21.52	36,768,373	38.40	8,812,732	34.80	249,277	38.10
Administrative Expenses	316,342	1.80	1,056,985	1.80	1,723,562	1.80	455,838	1.80	11,776	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	4,725,724	26.89	14,226,742	24.23	39,991,620	41.77	9,629,683	38.03	271,224	41.46

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA Northeast Area

	TANF Adults		Pregnant Women		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	80,662		85,397		1,731,540	
Experience Period Cost						
Estimated Incurred Claims	8,724,876	108.17	3,171,577	37.14	59,665,300	34.46
Other Costs/Refunds	-66,374	-0.82	-72,698	-0.85	-1,455,165	-0.84
Total Cost	8,658,503	107.34	3,098,879	36.29	58,210,135	33.62
Projected FY2015 Member Months	89,668		86,253		2,156,200	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9811		0.9945			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	10,619,963	118.44	3,446,366	39.96	76,765,133	35.60
Administrative Expenses	161,402	1.80	155,255	1.80	3,881,161	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	11,201,419	124.92	3,741,944	43.38	83,788,357	38.86

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA West Area

	<u>Children Under Age 1</u>		<u>Children Ages 1 - 5</u>		<u>Children Ages 6 - 14</u>		<u>Children Ages 15 - 18</u>		<u>Children Ages 19 - 20</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013										
Member Months	168,948		465,875		560,826		148,930		5,380	
Experience Period Cost										
Estimated Incurred Claims	3,742,245	22.15	8,531,149	18.31	18,612,438	33.19	4,559,877	30.62	203,237	37.78
Other Costs/Refunds	-51,225	-0.30	-169,385	-0.36	-202,905	-0.36	-53,834	-0.36	-1,888	-0.35
Total Cost	3,691,021	21.85	8,361,764	17.95	18,409,532	32.83	4,506,044	30.26	201,349	37.42
Projected FY2015 Member Months	177,778		498,708		810,677		214,457		5,585	
Annual Trend Assumption	2.5 %		2.5 %		2.5 %		2.5 %		4.8 %	
Provider Reimbursement Adjustments										
PDL Changes	0.9927		0.9905		0.9940		0.9932		0.9914	
ADHD Clinical Edit	1.0000		0.9652		1.0000		1.0000		1.0000	
Projected Incurred Claims	4,017,563	22.60	8,917,029	17.88	27,562,718	34.00	6,715,276	31.31	224,048	40.12
Administrative Expenses	320,000	1.80	897,675	1.80	1,459,219	1.80	386,022	1.80	10,052	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %		2.0 %	
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %		1.75 %	
Projected Total Cost	4,506,559	25.35	10,197,095	20.45	30,152,662	37.19	7,377,972	34.40	243,221	43.55

STAR Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA West Area

	<u>TANF Adults</u>		<u>Pregnant Women</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	64,959		91,006		1,505,923	
Experience Period Cost						
Estimated Incurred Claims	6,438,461	99.12	2,490,545	27.37	44,577,952	29.60
Other Costs/Refunds	-21,842	-0.34	-26,737	-0.29	-527,816	-0.35
Total Cost	6,416,620	98.78	2,463,808	27.07	44,050,137	29.25
Projected FY2015 Member Months	72,687		92,585		1,872,477	
Annual Trend Assumption	7.3 %		6.3 %			
Provider Reimbursement Adjustments						
PDL Changes	0.9868		0.9955			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	7,968,010	109.62	2,762,751	29.84	58,167,395	31.06
Administrative Expenses	130,836	1.80	166,653	1.80	3,370,458	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	8,414,386	115.76	3,043,536	32.87	63,935,431	34.14

STAR+PLUS Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Bexar Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	264,488		15,106		279,594	
Experience Period Cost						
Estimated Incurred Claims	94,052,117	355.60	9,654,324	639.11	103,706,441	370.92
Other Costs/Refunds	-428,281	-1.62	-26,526	-1.76	-454,807	-1.63
Total Cost	93,623,835	353.98	9,627,798	637.36	103,251,634	369.29
Projected FY2015 Member Months	280,011		16,405		296,417	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0007		1.0007			
PDL Adjustment	0.9850		0.9869			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	106,819,509	381.48	11,290,094	688.20	118,109,604	398.46
Administrative Expenses	504,020	1.80	29,530	1.80	533,550	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	111,504,966	398.22	11,760,648	716.88	123,265,614	415.85

STAR+PLUS Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Dallas Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	335,961		13,183		349,144	
Experience Period Cost						
Estimated Incurred Claims	103,149,801	307.03	8,477,634	643.09	111,627,435	319.72
Other Costs/Refunds	-258,701	-0.77	-264	-0.02	-258,965	-0.74
Total Cost	102,891,100	306.26	8,477,371	643.07	111,368,470	318.98
Projected FY2015 Member Months	357,155		13,654		370,808	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0002		1.0002			
PDL Adjustment	0.9893		0.9922			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	118,335,218	331.33	9,526,811	697.75	127,862,030	344.82
Administrative Expenses	642,878	1.80	24,577	1.80	667,455	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	123,613,607	346.11	9,923,520	726.80	133,537,127	360.12

STAR+PLUS Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 El Paso Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	83,009		3,240		86,249	
Experience Period Cost						
Estimated Incurred Claims	33,859,252	407.90	2,350,342	725.32	36,209,595	419.83
Other Costs/Refunds	-25,020	-0.30	-1,570	-0.48	-26,591	-0.31
Total Cost	33,834,232	407.60	2,348,772	724.83	36,183,004	419.52
Projected FY2015 Member Months	88,969		3,636		92,606	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0001		1.0001			
PDL Adjustment	0.9868		0.9901			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	39,129,235	439.81	2,853,526	784.72	41,982,760	453.35
Administrative Expenses	160,145	1.80	6,545	1.80	166,690	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	40,820,135	458.81	2,971,502	817.17	43,791,637	472.88

STAR+PLUS Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Harris Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	560,643		27,068		587,711	
Experience Period Cost						
Estimated Incurred Claims	204,534,884	364.82	19,750,020	729.65	224,284,904	381.62
Other Costs/Refunds	-341,121	-0.61	-13,503	-0.50	-354,624	-0.60
Total Cost	204,193,763	364.21	19,736,517	729.15	223,930,280	381.02
Projected FY2015 Member Months	593,431		29,037		622,468	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0004		1.0004			
PDL Adjustment	0.9889		0.9911			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	233,779,494	393.95	22,951,920	790.43	256,731,414	412.44
Administrative Expenses	1,068,175	1.80	52,267	1.80	1,120,442	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	243,997,578	411.16	23,900,454	823.10	267,898,032	430.38

STAR+PLUS Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Hidalgo Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	260,353		14,111		274,464	
Experience Period Cost						
Estimated Incurred Claims	84,139,726	323.18	8,789,112	622.84	92,928,838	338.58
Other Costs/Refunds	-301,933	-1.16	-20,472	-1.45	-322,405	-1.17
Total Cost	83,837,793	322.02	8,768,640	621.39	92,606,432	337.41
Projected FY2015 Member Months	276,411		15,460		291,871	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9887		0.9908			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	96,216,764	348.09	10,406,731	673.13	106,623,495	365.31
Administrative Expenses	497,539	1.80	27,828	1.80	525,367	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	100,482,393	363.53	10,841,100	701.23	111,323,493	381.41

STAR+PLUS Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Jefferson Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	108,515		3,866		112,381	
Experience Period Cost						
Estimated Incurred Claims	37,664,522	347.09	2,798,567	723.89	40,463,089	360.05
Other Costs/Refunds	-41,584	-0.38	843	0.22	-40,742	-0.36
Total Cost	37,622,938	346.71	2,799,410	724.10	40,422,348	359.69
Projected FY2015 Member Months	114,947		4,147		119,095	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9881		0.9929			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	43,054,208	374.56	3,260,063	786.07	46,314,272	388.89
Administrative Expenses	206,905	1.80	7,465	1.80	214,370	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	44,946,611	391.02	3,394,835	818.56	48,341,446	405.91

STAR+PLUS Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Lubbock Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	61,731		2,137		63,868	
Experience Period Cost						
Estimated Incurred Claims	21,074,539	341.39	1,189,762	556.80	22,264,301	348.60
Other Costs/Refunds	-92,678	-1.50	-3,193	-1.49	-95,871	-1.50
Total Cost	20,981,861	339.89	1,186,570	555.31	22,168,430	347.10
Projected FY2015 Member Months	65,746		1,984		67,730	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0003		1.0003			
PDL Adjustment	0.9877		0.9913			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	24,139,041	367.16	1,194,434	602.04	25,333,475	374.04
Administrative Expenses	118,343	1.80	3,571	1.80	121,914	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	25,202,477	383.33	1,244,680	627.36	26,447,157	390.48

STAR+PLUS Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Nueces Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	99,875		7,867		107,742	
Experience Period Cost						
Estimated Incurred Claims	35,260,784	353.05	5,132,725	652.45	40,393,509	374.91
Other Costs/Refunds	-132,056	-1.32	-10,395	-1.32	-142,451	-1.32
Total Cost	35,128,728	351.73	5,122,330	651.13	40,251,059	373.59
Projected FY2015 Member Months	106,235		8,334		114,569	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0006		1.0006			
PDL Adjustment	0.9822		0.9862			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	40,150,222	377.94	5,854,592	702.50	46,004,814	401.55
Administrative Expenses	191,223	1.80	15,001	1.80	206,224	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	41,913,189	394.53	6,098,279	731.74	48,011,468	419.06

STAR+PLUS Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Tarrant Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	193,233		8,875		202,107	
Experience Period Cost						
Estimated Incurred Claims	74,388,135	384.97	6,903,307	777.88	81,291,442	402.22
Other Costs/Refunds	-234,427	-1.21	-12,067	-1.36	-246,494	-1.22
Total Cost	74,153,708	383.75	6,891,240	776.52	81,044,948	401.00
Projected FY2015 Member Months	206,393		9,531		215,924	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0000		1.0000			
PDL Adjustment	0.9889		0.9901			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	85,635,473	414.91	8,011,769	840.59	93,647,242	433.70
Administrative Expenses	371,507	1.80	17,156	1.80	388,663	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	89,357,901	432.95	8,341,740	875.21	97,699,642	452.47

STAR+PLUS Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Travis Area

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months	117,415		5,034		122,449	
Experience Period Cost						
Estimated Incurred Claims	44,227,425	376.67	4,634,408	920.67	48,861,833	399.04
Other Costs/Refunds	-120,465	-1.03	-4,086	-0.81	-124,551	-1.02
Total Cost	44,106,960	375.65	4,630,323	919.86	48,737,282	398.02
Projected FY2015 Member Months	121,805		5,276		127,081	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
ESRD/Ventilator Adjustment	1.0001		1.0001			
PDL Adjustment	0.9870		0.9920			
ADHD Clinical Edit	1.0000		1.0000			
Projected Incurred Claims	49,381,019	405.41	5,264,636	997.77	54,645,656	430.01
Administrative Expenses	219,248	1.80	9,498	1.80	228,746	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	51,532,746	423.08	5,479,620	1,038.52	57,012,365	448.63

STAR+PLUS MRSA Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA - Central

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months					169,503	
Experience Period Cost						
Estimated Incurred Claims					50,752,241	299.42
Other Costs/Refunds					-54,796	-0.32
Total Cost					50,697,445	299.09
Projected FY2015 Member Months	171,666		9,076		180,741	
Annual Trend Assumption					5.5 %	
Adjustment Factors						
ESRD/Ventilator Adjustment					1.0000	
PDL Adjustment					0.9874	
ADHD Clinical Edit					1.0000	
IDD Adjustment					0.9928	
Projected Incurred Claims					57,938,802	320.56
Administrative Expenses					325,334	1.80
Risk Margin					2.0 %	
Premium Tax					1.75 %	
Projected Total Cost	54,745,625	318.91	5,788,542	637.82	60,534,167	334.92

STAR+PLUS MRSA Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA - Northeast

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months					261,497	
Experience Period Cost						
Estimated Incurred Claims					86,760,278	331.78
Other Costs/Refunds					-214,963	-0.82
Total Cost					86,545,315	330.96
Projected FY2015 Member Months	264,289		13,972		278,261	
Annual Trend Assumption					5.5 %	
Adjustment Factors						
ESRD/Ventilator Adjustment					1.0000	
PDL Adjustment					0.9868	
ADHD Clinical Edit					1.0000	
IDD Adjustment					0.9943	
Projected Incurred Claims					98,791,923	355.03
Administrative Expenses					500,870	1.80
Risk Margin					2.0 %	
Premium Tax					1.75 %	
Projected Total Cost	93,296,604	353.01	9,864,739	706.02	103,161,343	370.74

STAR+PLUS MRSA Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA - West

	<u>MO OCC</u>		<u>MO CBA</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Estimated MCO Experience 1/1/2013 - 12/31/2013						
Member Months					188,525	
Experience Period Cost						
Estimated Incurred Claims					61,368,395	325.52
Other Costs/Refunds					-61,730	-0.33
Total Cost					61,306,665	325.19
Projected FY2015 Member Months	190,406		10,066		200,473	
Annual Trend Assumption					5.5 %	
Adjustment Factors						
ESRD/Ventilator Adjustment					1.0000	
PDL Adjustment					0.9880	
ADHD Clinical Edit					1.0000	
IDD Adjustment					0.9894	
Projected Incurred Claims					69,677,256	347.57
Administrative Expenses					360,851	1.80
Risk Margin					2.0 %	
Premium Tax					1.75 %	
Projected Total Cost	65,808,578	345.62	6,958,286	691.24	72,766,864	362.98

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Bexar Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	5,991		16,648		22,639	
Managed Care	0		0		0	
Total	5,991		16,648		22,639	
Estimated Incurred Claims						
Fee-for Service	2,317,875	386.89	7,166,643	430.48	9,484,518	418.95
Managed Care	0		0		0	
Total	2,317,875	386.89	7,166,643	430.48	9,484,518	418.95
Projected FY2015 Member Months	1,277		17,872		19,149	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9883		0.9818			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	507,040	397.15	9,414,751	526.79	9,921,791	518.14
Administrative Expenses	2,298	1.80	32,170	1.80	34,468	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	529,182	414.50	9,814,983	549.18	10,344,165	540.20

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Dallas Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	9,244		20,345		29,589	
Managed Care	0		0		0	
Total	9,244		20,345		29,589	
Estimated Incurred Claims						
Fee-for Service	3,342,322	361.57	6,910,688	339.67	10,253,009	346.51
Managed Care	0		0		0	
Total	3,342,322	361.57	6,910,688	339.67	10,253,009	346.51
Projected FY2015 Member Months	1,951		23,881		25,832	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9919		0.9840			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	726,864	372.51	9,948,787	416.60	10,675,651	413.27
Administrative Expenses	3,512	1.80	42,986	1.80	46,498	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	758,832	388.89	10,381,063	434.70	11,139,895	431.24

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 El Paso Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	1,247		5,649		6,896	
Managed Care	0		0		0	
Total	1,247		5,649		6,896	
Estimated Incurred Claims						
Fee-for Service	292,893	234.88	2,561,211	453.39	2,854,104	413.88
Managed Care	0		0		0	
Total	292,893	234.88	2,561,211	453.39	2,854,104	413.88
Projected FY2015 Member Months	316		7,330		7,646	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9882		0.9790			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	76,091	241.08	4,055,266	553.24	4,131,357	540.36
Administrative Expenses	568	1.80	13,194	1.80	13,762	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	79,646	252.35	4,226,972	576.67	4,306,617	563.28

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Harris Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	13,844		34,091		47,935	
Managed Care	0		0		0	
Total	13,844		34,091		47,935	
Estimated Incurred Claims						
Fee-for Service	5,813,588	419.94	15,092,153	442.70	20,905,741	436.13
Managed Care	0		0		0	
Total	5,813,588	419.94	15,092,153	442.70	20,905,741	436.13
Projected FY2015 Member Months	3,105		42,447		45,552	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9876		0.9833			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	1,337,429	430.77	23,030,504	542.57	24,367,933	534.95
Administrative Expenses	5,589	1.80	76,405	1.80	81,993	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	1,395,343	449.42	24,007,178	565.58	25,402,521	557.66

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Hidalgo Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	3,088		9,151		12,239	
Managed Care	0		0		0	
Total	3,088		9,151		12,239	
Estimated Incurred Claims						
Fee-for Service	1,428,758	462.68	3,624,199	396.04	5,052,958	412.86
Managed Care	0		0		0	
Total	1,428,758	462.68	3,624,199	396.04	5,052,958	412.86
Projected FY2015 Member Months	654		11,778		12,432	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9928		0.9849			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	312,217	477.11	5,726,195	486.18	6,038,412	485.70
Administrative Expenses	1,178	1.80	21,200	1.80	22,378	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	325,605	497.57	5,971,320	506.99	6,296,925	506.49

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Jefferson Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	1,386		4,599		5,985	
Managed Care	0		0		0	
Total	1,386		4,599		5,985	
Estimated Incurred Claims						
Fee-for Service	575,560	415.27	1,501,459	326.48	2,077,019	347.04
Managed Care	0		0		0	
Total	575,560	415.27	1,501,459	326.48	2,077,019	347.04
Projected FY2015 Member Months	307		5,085		5,392	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9861		0.9827			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	130,663	425.33	2,033,391	399.88	2,164,054	401.33
Administrative Expenses	553	1.80	9,153	1.80	9,706	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	136,329	443.77	2,122,123	417.33	2,258,452	418.84

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Lubbock Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	1,737		6,212		7,949	
Managed Care	0		0		0	
Total	1,737		6,212		7,949	
Estimated Incurred Claims						
Fee-for Service	815,719	469.61	2,348,322	378.03	3,164,041	398.04
Managed Care	0		0		0	
Total	815,719	469.61	2,348,322	378.03	3,164,041	398.04
Projected FY2015 Member Months	416		7,290		7,706	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9885		0.9871			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	200,372	482.16	3,390,579	465.10	3,590,951	466.02
Administrative Expenses	748	1.80	13,122	1.80	13,870	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	208,956	502.82	3,536,313	485.09	3,745,269	486.05

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Nueces Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	1,774		5,363		7,137	
Managed Care	0		0		0	
Total	1,774		5,363		7,137	
Estimated Incurred Claims						
Fee-for Service	666,781	375.86	2,588,426	482.65	3,255,208	456.10
Managed Care	0		0		0	
Total	666,781	375.86	2,588,426	482.65	3,255,208	456.10
Projected FY2015 Member Months	415		6,766		7,181	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9869		0.9776			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	160,031	385.28	3,979,057	588.10	4,139,088	576.37
Administrative Expenses	748	1.80	12,179	1.80	12,926	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	167,042	402.16	4,146,739	612.88	4,313,781	600.69

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Tarrant Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	7,424		18,416		25,840	
Managed Care	0		0		0	
Total	7,424		18,416		25,840	
Estimated Incurred Claims						
Fee-for Service	2,688,115	362.08	7,024,686	381.44	9,712,801	375.88
Managed Care	0		0		0	
Total	2,688,115	362.08	7,024,686	381.44	9,712,801	375.88
Projected FY2015 Member Months	1,588		19,883		21,471	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9891		0.9842			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	590,636	371.99	9,303,703	467.92	9,894,339	460.83
Administrative Expenses	2,858	1.80	35,789	1.80	38,647	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	616,617	388.35	9,703,369	488.02	10,319,986	480.65

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Travis Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	4,904		11,667		16,571	
Managed Care	0		0		0	
Total	4,904		11,667		16,571	
Estimated Incurred Claims						
Fee-for Service	1,875,229	382.39	5,139,687	440.53	7,014,916	423.32
Managed Care	0		0		0	
Total	1,875,229	382.39	5,139,687	440.53	7,014,916	423.32
Projected FY2015 Member Months	1,085		12,423		13,508	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9907		0.9791			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	427,010	393.48	6,678,670	537.61	7,105,680	526.03
Administrative Expenses	1,953	1.80	22,361	1.80	24,315	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	445,676	410.68	6,962,111	560.42	7,407,787	548.39

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA Central Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	1,726		1,641		3,367	
Managed Care	437		6,806		7,243	
Total	2,163		8,447		10,610	
Estimated Incurred Claims						
Fee-for Service	1,145,818	663.86	612,629	373.33	1,758,447	522.26
Managed Care	194,405	444.86	2,409,199	353.98	2,603,604	359.46
Total	1,340,223	619.61	3,021,828	357.74	4,362,051	411.13
Projected FY2015 Member Months	518		10,325		10,843	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9929		0.9822			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	333,625	643.88	4,079,116	395.07	4,412,741	406.96
Administrative Expenses	933	1.80	18,585	1.80	19,518	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	347,592	670.84	4,257,352	412.33	4,604,944	424.69

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA Northeast Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	2,834		3,273		6,107	
Managed Care	494		8,281		8,775	
Total	3,328		11,554		14,882	
Estimated Incurred Claims						
Fee-for Service	1,475,155	520.52	1,091,025	333.34	2,566,180	420.20
Managed Care	154,983	313.73	3,319,165	400.82	3,474,147	395.91
Total	1,630,138	489.82	4,410,190	381.70	6,040,327	405.88
Projected FY2015 Member Months	668		12,351		13,019	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9933		0.9828			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	339,462	507.89	5,241,229	424.36	5,580,691	428.64
Administrative Expenses	1,203	1.80	22,232	1.80	23,435	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	353,938	529.54	5,468,531	442.76	5,822,468	447.22

STAR+PLUS IDD Expansion Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 MRSA West Area

	Under Age 21		Age 21 and Over		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013						
Member Months						
Fee-for Service	2,614		2,853		5,467	
Managed Care	624		9,157		9,781	
Total	3,238		12,010		15,248	
Estimated Incurred Claims						
Fee-for Service	1,278,361	489.04	1,165,138	408.39	2,443,499	446.95
Managed Care	250,193	400.95	3,587,520	391.78	3,837,714	392.36
Total	1,528,554	472.07	4,752,659	395.73	6,281,213	411.94
Projected FY2015 Member Months	696		13,832		14,528	
Annual Trend Assumption	5.5 %		5.5 %			
Adjustment Factors						
Unlimited Scripts Adjustment						
Fee-for Service	1.0000		1.2000			
Managed Care	1.0000		1.0000			
PDL Adjustment	0.9878		0.9816			
ADHD Clinical Edit	1.0000		1.0000			
Managed Care Savings						
Fee-for Service	0.9500		0.9500			
Managed Care	1.0000		1.0000			
Projected Incurred Claims	339,927	488.51	6,076,072	439.28	6,415,999	441.63
Administrative Expenses	1,253	1.80	24,898	1.80	26,150	1.80
Risk Margin	2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %			
Projected Total Cost	354,472	509.42	6,338,669	458.26	6,693,142	460.71

STAR Health Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Statewide

	STAR Health	
	Amount	pmpm
Estimated Experience 1/1/2013 - 12/31/2013		
Member Months	364,842	
Experience Period Cost		
Estimated Incurred Claims	54,061,682	148.18
Other Costs/Refunds	-14,594	-0.04
Total Cost	54,047,088	148.14
Projected FY2015 Member Months	400,350	
Annual Trend Assumption	3.0 %	
Provider Reimbursement Adjustments		
PDL Changes	0.9851	
ADHD Clinical Edit	0.9904	
Projected Incurred Claims	60,784,732	151.83
Administrative Expenses	720,631	1.80
Risk Margin	2.0 %	
Premium Tax	1.75 %	
Projected Total Cost	63,901,676	159.61

CHIP Rate Setting
 FY2015 Prescription Drug Rating Analysis
 Bexar Area

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013										
Member Months	962		91,384		353,456		132,866		578,668	
Experience Period Cost										
Estimated Incurred Claims	4,778	4.97	1,230,988	13.47	9,297,748	26.31	3,390,334	25.52	13,923,849	24.06
Other Costs/Refunds	17	0.02	-983	-0.01	14,635	0.04	2,996	0.02	16,664	0.03
Total Cost	4,795	4.98	1,230,005	13.46	9,312,383	26.35	3,393,329	25.54	13,940,513	24.09
Projected FY2015 Member Months	962		91,384		353,456		132,866		578,668	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments										
PDL Changes	0.9864		0.9911		0.9935		0.9921			
ADHD Clinical Edit	1.0000		0.9865		1.0000		1.0000			
Projected Incurred Claims	5,220	5.43	1,327,335	14.52	10,211,456	28.89	3,715,698	27.97	15,259,710	26.37
Administrative Expenses	1,732	1.80	164,491	1.80	636,221	1.80	239,159	1.80	1,041,602	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	7,223	7.51	1,549,949	16.96	11,270,314	31.89	4,108,942	30.93	16,936,428	29.27

CHIP Rate Setting
 FY2015 Prescription Drug Rating Analysis
 Dallas Area

	<u><1</u>		<u>1-5</u>		<u>6-14</u>		<u>15-18</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>								
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013										
Member Months	1,787		175,926		674,566		222,306		1,074,585	
Experience Period Cost										
Estimated Incurred Claims	34,870	19.51	3,003,483	17.07	18,373,533	27.24	7,314,363	32.90	28,726,249	26.73
Other Costs/Refunds	-135	-0.08	-9,699	-0.06	-17,996	-0.03	3,788	0.02	-24,042	-0.02
Total Cost	34,734	19.44	2,993,784	17.02	18,355,538	27.21	7,318,151	32.92	28,702,207	26.71
Projected FY2015 Member Months	1,787		175,926		674,566		222,306		1,074,585	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments										
PDL Changes	0.9937		0.9918		0.9956		0.9960			
ADHD Clinical Edit	1.0000		0.9916		1.0000		1.0000			
Projected Incurred Claims	38,095	21.32	3,249,676	18.47	20,170,236	29.90	8,044,882	36.19	31,502,889	29.32
Administrative Expenses	3,217	1.80	316,667	1.80	1,214,219	1.80	400,151	1.80	1,934,253	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	42,921	24.02	3,705,291	21.06	22,217,615	32.94	8,774,060	39.47	34,739,888	32.33

CHIP Rate Setting
 FY2015 Prescription Drug Rating Analysis
 El Paso Area

	<u><1</u>		<u>1-5</u>		<u>6-14</u>		<u>15-18</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>								
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013										
Member Months	337		39,705		172,123		75,734		287,899	
Experience Period Cost										
Estimated Incurred Claims	1,885	5.59	524,915	13.22	3,910,145	22.72	1,524,937	20.14	5,961,883	20.71
Other Costs/Refunds	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total Cost	1,885	5.59	524,915	13.22	3,910,145	22.72	1,524,937	20.14	5,961,883	20.71
Projected FY2015 Member Months	337		39,705		172,123		75,734		287,899	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments										
PDL Changes	0.9995		0.9956		0.9963		0.9970			
ADHD Clinical Edit	1.0000		0.9953		1.0000		1.0000			
Projected Incurred Claims	2,080	6.17	574,099	14.46	4,299,738	24.98	1,678,054	22.16	6,553,971	22.76
Administrative Expenses	607	1.80	71,469	1.80	309,821	1.80	136,321	1.80	518,218	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	2,791	8.28	670,720	16.89	4,789,153	27.82	1,885,065	24.89	7,347,729	25.52

CHIP Rate Setting
 FY2015 Prescription Drug Rating Analysis
 Harris Area

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013										
Member Months	3,408		326,201		1,148,032		395,661		1,873,302	
Experience Period Cost										
Estimated Incurred Claims	30,816	9.04	4,905,297	15.04	25,310,015	22.05	10,859,262	27.45	41,105,390	21.94
Other Costs/Refunds	6,584	1.93	89,487	0.27	211,615	0.18	103,078	0.26	410,764	0.22
Total Cost	37,401	10.97	4,994,784	15.31	25,521,630	22.23	10,962,340	27.71	41,516,154	22.16
Projected FY2015 Member Months	3,408		326,201		1,148,032		395,661		1,873,302	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments										
PDL Changes	0.9964		0.9926		0.9959		0.9955			
ADHD Clinical Edit	1.0000		0.9922		1.0000		1.0000			
Projected Incurred Claims	41,131	12.07	5,429,366	16.64	28,053,245	24.44	12,044,908	30.44	45,568,651	24.33
Administrative Expenses	6,134	1.80	587,162	1.80	2,066,458	1.80	712,190	1.80	3,371,944	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	49,107	14.41	6,250,938	19.16	31,293,198	27.26	13,254,128	33.50	50,847,371	27.14

CHIP Rate Setting
 FY2015 Prescription Drug Rating Analysis
 Jefferson Area

	<u><1</u>		<u>1-5</u>		<u>6-14</u>		<u>15-18</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>								
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013										
Member Months	265		27,546		94,842		34,572		157,225	
Experience Period Cost										
Estimated Incurred Claims	6,224	23.49	505,963	18.37	2,826,164	29.80	1,162,320	33.62	4,500,671	28.63
Other Costs/Refunds	-1	0.00	506	0.02	13,714	0.14	5,578	0.16	19,797	0.13
Total Cost	6,223	23.48	506,469	18.39	2,839,878	29.94	1,167,897	33.78	4,520,467	28.75
Projected FY2015 Member Months	265		27,546		94,842		34,572		157,225	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments										
PDL Changes	0.9995		0.9931		0.9974		0.9933			
ADHD Clinical Edit	1.0000		0.9860		1.0000		1.0000			
Projected Incurred Claims	6,866	25.91	547,371	19.87	3,126,281	32.96	1,280,395	37.04	4,960,913	31.55
Administrative Expenses	477	1.80	49,583	1.80	170,716	1.80	62,230	1.80	283,005	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	7,629	28.79	620,211	22.52	3,425,451	36.12	1,394,935	40.35	5,448,226	34.65

CHIP Rate Setting
 FY2015 Prescription Drug Rating Analysis
 Lubbock Area

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013										
Member Months	379		30,868		106,395		34,987		172,629	
Experience Period Cost										
Estimated Incurred Claims	1,924	5.08	446,942	14.48	2,704,121	25.42	975,312	27.88	4,128,299	23.91
Other Costs/Refunds	-2	0.00	-156	-0.01	-570	-0.01	-178	-0.01	-906	-0.01
Total Cost	1,923	5.07	446,785	14.47	2,703,551	25.41	975,135	27.87	4,127,394	23.91
Projected FY2015 Member Months	379		30,868		106,395		34,987		172,629	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments										
PDL Changes	1.0000		0.9974		0.9979		0.9953			
ADHD Clinical Edit	1.0000		0.9825		1.0000		1.0000			
Projected Incurred Claims	2,122	5.60	483,237	15.65	2,977,697	27.99	1,071,217	30.62	4,534,273	26.27
Administrative Expenses	682	1.80	55,562	1.80	191,511	1.80	62,977	1.80	310,732	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	2,913	7.69	559,791	18.14	3,292,684	30.95	1,178,383	33.68	5,033,772	29.16

CHIP Rate Setting
 FY2015 Prescription Drug Rating Analysis
 Nueces Area

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013										
Member Months	293		27,215		105,004		40,311		172,823	
Experience Period Cost										
Estimated Incurred Claims	2,368	8.08	503,799	18.51	3,525,516	33.58	1,151,803	28.57	5,183,485	29.99
Other Costs/Refunds	91	0.31	7,013	0.26	28,212	0.27	9,524	0.24	44,840	0.26
Total Cost	2,458	8.39	510,812	18.77	3,553,728	33.84	1,161,327	28.81	5,228,325	30.25
Projected FY2015 Member Months	293		27,215		105,004		40,311		172,823	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments										
PDL Changes	0.9980		0.9941		0.9957		0.9941			
ADHD Clinical Edit	1.0000		0.9723		1.0000		1.0000			
Projected Incurred Claims	2,708	9.24	544,942	20.02	3,905,455	37.19	1,274,217	31.61	5,727,322	33.14
Administrative Expenses	527	1.80	48,987	1.80	189,007	1.80	72,560	1.80	311,081	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	3,361	11.47	617,069	22.67	4,253,987	40.51	1,399,249	34.71	6,273,666	36.30

CHIP Rate Setting
 FY2015 Prescription Drug Rating Analysis
 Tarrant Area

	<u><1</u>		<u>1-5</u>		<u>6-14</u>		<u>15-18</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>								
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013										
Member Months	1,701		138,627		472,022		150,839		763,189	
Experience Period Cost										
Estimated Incurred Claims	7,086	4.17	1,973,200	14.23	12,990,986	27.52	4,393,586	29.13	19,364,857	25.37
Other Costs/Refunds	-66	-0.04	-6,855	-0.05	-15,389	-0.03	-3,406	-0.02	-25,716	-0.03
Total Cost	7,020	4.13	1,966,345	14.18	12,975,597	27.49	4,390,180	29.11	19,339,141	25.34
Projected FY2015 Member Months	1,701		138,627		472,022		150,839		763,189	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments										
PDL Changes	0.9955		0.9911		0.9954		0.9950			
ADHD Clinical Edit	1.0000		0.9888		1.0000		1.0000			
Projected Incurred Claims	7,713	4.53	2,126,888	15.34	14,255,549	30.20	4,821,302	31.96	21,211,452	27.79
Administrative Expenses	3,062	1.80	249,529	1.80	849,640	1.80	271,510	1.80	1,373,740	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	11,195	6.58	2,469,004	17.81	15,693,703	33.25	5,291,234	35.08	23,465,135	30.75

CHIP Rate Setting
 FY2015 Prescription Drug Rating Analysis
 Travis Area

	<u><1</u>		<u>1-5</u>		<u>6-14</u>		<u>15-18</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>								
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013										
Member Months	1,121		80,734		259,009		84,055		424,919	
Experience Period Cost										
Estimated Incurred Claims	7,141	6.37	870,677	10.78	5,320,517	20.54	2,259,492	26.88	8,457,827	19.90
Other Costs/Refunds	-11	-0.01	1,352	0.02	13,885	0.05	5,478	0.07	20,704	0.05
Total Cost	7,130	6.36	872,029	10.80	5,334,402	20.60	2,264,969	26.95	8,478,531	19.95
Projected FY2015 Member Months	1,121		80,734		259,009		84,055		424,919	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments										
PDL Changes	0.9975		0.9948		0.9939		0.9915			
ADHD Clinical Edit	1.0000		0.9892		1.0000		1.0000			
Projected Incurred Claims	7,850	7.00	947,130	11.73	5,851,772	22.59	2,478,643	29.49	9,285,396	21.85
Administrative Expenses	2,018	1.80	145,321	1.80	466,216	1.80	151,299	1.80	764,854	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	10,252	9.15	1,135,015	14.06	6,564,144	25.34	2,732,408	32.51	10,441,818	24.57

CHIP Rate Setting
 FY2015 Prescription Drug Rating Analysis
 RSA Area

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013										
Member Months	2,965		265,621		1,001,306		370,010		1,639,902	
Experience Period Cost										
Estimated Incurred Claims	28,889	9.74	6,135,467	23.10	30,359,656	30.32	9,727,244	26.29	46,251,256	28.20
Other Costs/Refunds	140	0.05	4,122	0.02	11,537	0.01	6,079	0.02	21,879	0.01
Total Cost	29,029	9.79	6,139,589	23.11	30,371,193	30.33	9,733,323	26.31	46,273,135	28.22
Projected FY2015 Member Months	2,965		265,621		1,001,306		370,010		1,639,902	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments										
PDL Changes	0.9988		0.9955		0.9959		0.9925			
ADHD Clinical Edit	1.0000		0.9924		1.0000		1.0000			
Projected Incurred Claims	32,002	10.79	6,694,626	25.20	33,383,861	33.34	10,662,293	28.82	50,772,782	30.96
Administrative Expenses	5,337	1.80	478,118	1.80	1,802,351	1.80	666,018	1.80	2,951,824	1.80
Risk Margin	2.0 %		2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %		1.75 %			
Projected Total Cost	38,793	13.08	7,452,201	28.06	36,557,103	36.51	11,769,674	31.81	55,817,772	34.04

CHIP Perinatal Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Bexar Area

	Perinate <185%		Perinate 185%+		Newborn 185%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013								
Member Months	17,822		442		173		18,437	
Experience Period Cost								
Estimated Incurred Claims	253,430	14.22	9,441	21.36	43	0.25	262,914	14.26
Other Costs/Refunds	0	0.00	0	0.00	0	0.00	0	0.00
Total Cost	253,430	14.22	9,441	21.36	43	0.25	262,914	14.26
Projected FY2015 Member Months	17,822		442		173		18,437	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9992		0.9940		0.9574			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
Projected Incurred Claims	279,492	15.68	10,358	23.43	45	0.26	289,895	15.72
Administrative Expenses	32,080	1.80	796	1.80	311	1.80	33,187	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	323,711	18.16	14,016	31.71	1,836	10.61	339,563	18.42

CHIP Perinatal Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Dallas Area

	Perinate <185%		Perinate 185%+		Newborn 185%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013								
Member Months	78,505		1,210		414		80,129	
Experience Period Cost								
Estimated Incurred Claims	483,589	6.16	21,345	17.64	5,447	13.16	510,381	6.37
Other Costs/Refunds	3,826	0.05	27	0.02	29	0.07	3,882	0.05
Total Cost	487,415	6.21	21,372	17.66	5,476	13.23	514,263	6.42
Projected FY2015 Member Months	78,505		1,210		414		80,129	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9989		1.0004		0.9996			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
Projected Incurred Claims	537,378	6.85	23,598	19.50	6,041	14.59	567,018	7.08
Administrative Expenses	141,309	1.80	2,178	1.80	745	1.80	144,232	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	705,129	8.98	38,369	31.71	4,393	10.61	747,891	9.33

CHIP Perinatal Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 El Paso Area

	Perinate <185%		Perinate 185%+		Newborn 185%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013								
Member Months	11,703		211		42		11,956	
Experience Period Cost								
Estimated Incurred Claims	236,463	20.21	2,766	13.11	32	0.76	239,261	20.01
Other Costs/Refunds	3,420	0.29	0	0.00	0	0.00	3,420	0.29
Total Cost	239,883	20.50	2,766	13.11	32	0.76	242,681	20.30
Projected FY2015 Member Months	11,703		211		42		11,956	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9997		1.0000		0.9925			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
Projected Incurred Claims	264,684	22.62	3,053	14.47	35	0.83	267,772	22.40
Administrative Expenses	21,065	1.80	380	1.80	76	1.80	21,521	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	296,883	25.37	6,691	31.71	446	10.61	304,019	25.43

CHIP Perinatal Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Harris Area

	Perinate <185%		Perinate 185%+		Newborn 185%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013								
Member Months	124,244		2,356		1,122		127,722	
Experience Period Cost								
Estimated Incurred Claims	3,634,511	29.25	77,353	32.83	7,483	6.67	3,719,346	29.12
Other Costs/Refunds	754	0.01	137	0.06	-1	0.00	889	0.01
Total Cost	3,635,265	29.26	77,489	32.89	7,481	6.67	3,720,235	29.13
Projected FY2015 Member Months	124,244		2,356		1,122		127,722	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9996		1.0001		0.9964			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
Projected Incurred Claims	4,010,710	32.28	85,535	36.31	8,227	7.33	4,104,472	32.14
Administrative Expenses	223,639	1.80	4,241	1.80	2,020	1.80	229,900	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	4,399,324	35.41	74,709	31.71	11,904	10.61	4,485,937	35.12

CHIP Perinatal Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Jefferson Area

	Perinate <185%		Perinate 185%+		Newborn 185%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013								
Member Months	5,282		156		78		5,516	
Experience Period Cost								
Estimated Incurred Claims	120,136	22.74	3,354	21.50	713	9.15	124,203	22.52
Other Costs/Refunds	82	0.02	2	0.01	0	0.00	83	0.02
Total Cost	120,217	22.76	3,356	21.51	713	9.15	124,287	22.53
Projected FY2015 Member Months	5,282		156		78		5,516	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9994		1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
Projected Incurred Claims	132,607	25.11	3,704	23.74	787	10.10	137,098	24.85
Administrative Expenses	9,508	1.80	281	1.80	140	1.80	9,929	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	147,651	27.95	4,947	31.71	828	10.61	153,425	27.81

CHIP Perinatal Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Lubbock Area

	Perinate <185%		Perinate 185%+		Newborn 185%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013								
Member Months	4,511		137		54		4,702	
Experience Period Cost								
Estimated Incurred Claims	69,640	15.44	2,338	17.07	103	1.90	72,082	15.33
Other Costs/Refunds	-24	-0.01	-1	-0.01	0	-0.01	-26	-0.01
Total Cost	69,616	15.43	2,337	17.06	103	1.90	72,056	15.32
Projected FY2015 Member Months	4,511		137		54		4,702	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9994		1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
Projected Incurred Claims	76,791	17.02	2,580	18.83	113	2.10	79,484	16.90
Administrative Expenses	8,120	1.80	247	1.80	97	1.80	8,464	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	88,219	19.56	4,344	31.71	573	10.61	93,136	19.81

CHIP Perinatal Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Nueces Area

	Perinate <185%		Perinate 185%+		Newborn 185%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013								
Member Months	2,977		119		46		3,142	
Experience Period Cost								
Estimated Incurred Claims	70,474	23.67	2,223	18.68	85	1.85	72,783	23.16
Other Costs/Refunds	165	0.06	14	0.12	8	0.18	187	0.06
Total Cost	70,639	23.73	2,237	18.80	94	2.04	72,970	23.22
Projected FY2015 Member Months	2,977		119		46		3,142	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments								
PDL Changes	1.0000		1.0000		1.0000			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
Projected Incurred Claims	77,965	26.19	2,469	20.75	103	2.25	80,538	25.63
Administrative Expenses	5,359	1.80	214	1.80	83	1.80	5,656	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	86,570	29.08	3,773	31.71	488	10.61	90,832	28.91

CHIP Perinatal Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Tarrant Area

	Perinate <185%		Perinate 185%+		Newborn 185%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013								
Member Months	40,162		810		368		41,340	
Experience Period Cost								
Estimated Incurred Claims	1,134,976	28.26	28,379	35.04	1,078	2.93	1,164,433	28.17
Other Costs/Refunds	-229	-0.01	-17	-0.02	0	0.00	-245	-0.01
Total Cost	1,134,747	28.25	28,363	35.02	1,078	2.93	1,164,188	28.16
Projected FY2015 Member Months	40,162		810		368		41,340	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9993		0.9973		0.9983			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
Projected Incurred Claims	1,251,566	31.16	31,220	38.54	1,188	3.23	1,283,974	31.06
Administrative Expenses	72,292	1.80	1,458	1.80	662	1.80	74,412	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	1,375,437	34.25	25,685	31.71	3,904	10.61	1,405,027	33.99

CHIP Perinatal Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 Travis Area

	Perinate <185%		Perinate 185%+		Newborn 185%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013								
Member Months	27,699		415		176		28,290	
Experience Period Cost								
Estimated Incurred Claims	382,496	13.81	9,876	23.80	805	4.57	393,176	13.90
Other Costs/Refunds	-434	-0.02	-5	-0.01	-3	-0.02	-442	-0.02
Total Cost	382,062	13.79	9,870	23.78	802	4.56	392,734	13.88
Projected FY2015 Member Months	27,699		415		176		28,290	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9985		0.9964		0.9993			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
Projected Incurred Claims	421,057	15.20	10,855	26.16	884	5.03	432,796	15.30
Administrative Expenses	49,858	1.80	747	1.80	317	1.80	50,922	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	489,263	17.66	13,160	31.71	1,867	10.61	504,290	17.83

CHIP Perinatal Rate Setting
 FY2015 Pharmacy Capitation Rate Summary
 RSA Area

	Perinate <185%		Perinate 185%+		Newborn 185%+		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Pharmacy Carve-in Experience 1/1/2013 - 12/31/2013								
Member Months	96,716		1,638		591		98,945	
Experience Period Cost								
Estimated Incurred Claims	2,018,883	20.87	37,851	23.11	7,486	12.67	2,064,220	20.86
Other Costs/Refunds	8,788	0.09	114	0.07	108	0.18	9,010	0.09
Total Cost	2,027,671	20.97	37,965	23.18	7,594	12.85	2,073,230	20.95
Projected FY2015 Member Months	96,716		1,638		591		98,945	
Annual Trend Assumption	6.1 %		6.1 %		6.1 %			
Provider Reimbursement Adjustments								
PDL Changes	0.9993		0.9995		0.9979			
ADHD Clinical Edit	1.0000		1.0000		1.0000			
Projected Incurred Claims	2,236,415	23.12	41,881	25.57	8,364	14.15	2,286,660	23.11
Administrative Expenses	174,089	1.80	2,948	1.80	1,064	1.80	178,101	1.80
Risk Margin	2.0 %		2.0 %		2.0 %			
Premium Tax	1.75 %		1.75 %		1.75 %			
Projected Total Cost	2,504,419	25.89	51,941	31.71	6,271	10.61	2,562,631	25.90

Attachment 3

Trend Analysis

The pharmacy carve-in rating methodology uses assumed trend factors to adjust the base period (January 1, 2013 through December 31, 2013) claims cost to the rating period (FY2015). The cost trend factors used in this analysis are a combination of utilization and inflation components. The trend rate assumptions were developed by the actuary based on an analysis of recent pharmacy claims experience under the various Medicaid and CHIP programs and the actuary's judgment regarding anticipated future cost changes. The trend rate assumption varies by program and risk group but is the same for all service areas.

The trend analysis included a review of managed care claims experience data paid through February 28, 2014. Based on this information, estimates of monthly incurred claims were determined through December 2013. The per-capita claims cost and trend experience was reviewed separately by program, service area and risk group. The service area trends were then combined into a statewide average using a weighted average formula with current enrollment as the weights.

The trend assumptions for the remainder of FY2014 and all of FY2015 were developed using the following formulas:

For STAR, the trend assumption for each risk group equals the maximum of (i) the simple average of (a) the trend assumption used in developing the FY2014 pharmacy capitation rates and (b) the actual trend during the period March 1, 2013 through November 30, 2013 and (ii) 2.5%.

For STAR+PLUS, the trend assumption equals the actual trend during the period March 1, 2013 through November 30, 2013. This assumption was also used for the STAR+PLUS MRSA expansion and IDD expansion services areas and risk groups.

For STAR Health, the trend assumption equals the maximum of (i) the simple average of (a) the trend assumption used in the developing the FY2014 pharmacy capitation rates and (b) the actual trend during the period March 1, 2013 through November 30, 2013 and (ii) 3.0%.

For CHIP and CHIP Perinatal, the trend assumption equals the maximum of (i) the simple average of (a) the trend assumption used in the developing the FY2014 pharmacy capitation rates and (b) the actual trend during the period March 1, 2013 through November 30, 2013 and (ii) 2.5%.

The recent pharmacy experience trends in STAR have been especially low. This was caused by a number of popular drugs moving to generic and, in some cases, more aggressive pharmacy reimbursement by the health plans. We do not expect the STAR pharmacy trends to continue to be so low. As a result, we included a minimum amount in the trend formula, as described above. We also analyzed the cost impact of recent generic debuts and the impact of those drugs expected to become generic through FY2015. Based on this analysis, it is our opinion that the selected trend assumptions made reasonable provision for drug cost increases.

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

Exhibit A – STAR Program

Exhibit B – STAR+PLUS Program

Exhibit C – STAR Health Program

Exhibit D – CHIP and CHIP Perinatal Programs

FY2015 Pharmacy Carve-in Rating Analysis
 Historical Trend in Incurred Pharmacy Claims pmpm
 STAR Program

Experience Period	Children <1	Children 1-5	Children 6-14	Children 15-18	Children 19-20	TANF Adults	Pregnant Women	Total
Member Months								
3/12-5/12	670,193	2,413,201	2,788,740	759,144	23,439	260,567	305,294	7,220,578
6/12-8/12	706,387	2,486,141	2,920,246	796,262	25,941	287,018	321,991	7,543,986
9/12-11/12	698,741	2,441,853	2,909,583	787,976	24,361	293,973	312,681	7,469,168
12/12-2/13	699,620	2,444,112	2,955,910	798,516	24,732	297,584	305,206	7,525,680
3/13-5/13	703,760	2,410,978	2,937,504	791,633	24,366	290,366	314,928	7,473,535
6/13-8/13	697,500	2,392,090	2,957,546	796,728	23,727	287,245	326,907	7,481,743
9/13-11/13	710,183	2,350,031	2,915,913	789,604	23,975	283,664	325,573	7,398,942
Incurred Claims pmpm (case mix adjusted)								
3/12-5/12	29.38	28.28	36.80	33.12	24.46	87.95	32.67	34.73
6/12-8/12	15.50	20.09	30.22	29.10	22.12	87.88	34.28	27.84
9/12-11/12	27.35	26.73	34.25	32.49	23.81	88.73	35.82	33.14
12/12-2/13	43.47	31.13	36.65	32.71	23.69	88.66	36.87	37.09
3/13-5/13	23.71	24.33	34.62	32.55	25.46	95.13	38.73	32.55
6/13-8/13	14.11	16.93	28.39	29.47	25.87	95.58	38.67	26.51
9/13-11/13	24.75	23.21	33.79	35.06	24.73	95.84	38.10	32.24
Incurred Claims pmpm Trend Factor								
3/13-5/13	0.807	0.860	0.941	0.983	1.041	1.082	1.186	0.937
6/13-8/13	0.910	0.843	0.939	1.013	1.170	1.088	1.128	0.953
9/13-11/13	0.905	0.868	0.986	1.079	1.038	1.080	1.064	0.973
Weighted Average	0.874	0.857	0.956	1.025	1.083	1.083	1.126	0.954
FY2014 Assumptions	1.013	1.013	1.013	1.013	1.013	1.063	1.000	
FY2015 Assumptions	1.025	1.025	1.025	1.025	1.048	1.073	1.063	

FY2015 Pharmacy Carve-in Rating Analysis
 Historical Trend in Incurred VDP Claims pmpm
 STAR+PLUS Program

Experience Period	<u>STAR+PLUS</u>	<u>STAR+PLUS Expansion</u>	<u>Total</u>
Member Months			
3/12-5/12	523,086	120,492	643,578
6/12-8/12	536,264	143,279	679,543
9/12-11/12	541,427	149,583	691,010
12/12-2/13	542,961	151,409	694,370
3/13-5/13	545,097	153,607	698,704
6/13-8/13	546,304	155,466	701,770
9/13-11/13	548,774	156,773	705,547
Incurred Claims (in \$1,000s)			
3/12-5/12	178,825	34,199	213,024
6/12-8/12	186,474	43,426	229,900
9/12-11/12	189,041	45,913	234,954
12/12-2/13	188,196	46,698	234,893
3/13-5/13	199,232	49,669	248,902
6/13-8/13	200,818	49,531	250,350
9/13-11/13	199,177	49,088	248,265
Incurred Claims pmpm			
3/12-5/12	341.86	283.83	331.00
6/12-8/12	347.73	303.09	338.32
9/12-11/12	349.15	306.94	340.02
12/12-2/13	346.61	308.42	338.28
3/13-5/13	365.50	323.35	356.23
6/13-8/13	367.59	318.60	356.74
9/13-11/13	362.95	313.12	351.88
Trend in Incurred Claims pmpm			
3/13-5/13	1.069	1.139	1.076
6/13-8/13	1.057	1.051	1.054
9/13-11/13	1.040	1.020	1.035
Weighted Average:			1.055

FY2015 Pharmacy Carve-in Rating Analysis
 Historical Trend in Incurred VDP Claims pmpm
 STAR Health Program

Experience Period	Members	Scripts	Days Supply	Incurred Claims	Amount of:			Trend in:		
					Scripts pmpm	Days pmpm	Cost pmpm	Scripts pmpm	Days pmpm	Cost pmpm
3/12-5/12	93,301	135,416	3,239,702	15,593,586	1.451	34.72	167.13			
6/12-8/12	92,760	126,296	3,095,827	13,803,946	1.362	33.37	148.81			
9/12-11/12	91,734	134,338	3,197,741	13,796,591	1.464	34.86	150.40			
12/12-2/13	89,602	136,442	3,168,142	14,590,066	1.523	35.36	162.83			
3/13-5/13	90,238	133,407	3,221,735	13,130,407	1.478	35.70	145.51	1.019	1.028	0.871
6/13-8/13	91,942	119,028	2,959,129	12,321,464	1.295	32.18	134.01	0.951	0.964	0.901
9/13-11/13	92,532	127,721	3,055,449	12,748,561	1.380	33.02	137.78	0.943	0.947	0.916
								Weighted Average:		0.896
								FY2014 Assumption		1.024
								FY2015 Assumption		1.030

FY2015 Pharmacy Carve-in Rating Analysis
 Historical Trend in Incurred VDP Claims pmpm
 CHIP and CHIP Perinatal

Experience Period	CHIP					CHIP Perinatal				Grand Total
	Age <1	Age 1-5	Age 6-14	Age 15-18	Total	Perinate <185%	Perinate 185%+	Newborn 185%+	Total	
Member Months										
3/12-5/12	3,696	292,276	1,057,853	377,548	1,731,373	110,262	2,023	882	113,167	1,844,540
6/12-8/12	3,772	294,828	1,064,797	382,050	1,745,447	111,617	2,039	849	114,505	1,859,952
9/12-11/12	3,479	293,555	1,066,595	380,784	1,744,413	106,326	1,895	976	109,197	1,853,610
12/12-2/13	3,344	297,712	1,087,420	382,461	1,770,937	102,973	1,870	1,023	105,866	1,876,803
3/13-5/13	3,551	302,712	1,100,542	385,797	1,792,602	111,193	2,003	967	114,163	1,906,765
6/13-8/13	3,857	308,501	1,111,995	390,814	1,815,167	110,757	1,998	936	113,691	1,928,858
9/13-11/13	2,931	302,596	1,099,190	386,977	1,791,694	89,926	1,672	478	92,076	1,883,770

Case-mix Adjusted Incurred Claims pmpm

3/12-5/12	24.62	13.85	24.02
6/12-8/12	20.40	14.87	20.09
9/12-11/12	23.71	14.41	23.19
12/12-2/13	25.71	15.25	25.13
3/13-5/13	25.47	16.77	24.98
6/13-8/13	21.41	18.87	21.27
9/13-11/13	26.86	18.85	26.42

Trend in Case-mix Adjusted Incurred Claims pmpm

3/13-5/13	1.035	1.210	1.040
6/13-8/13	1.050	1.269	1.059
9/13-11/13	1.133	1.308	1.139
		Weighted Average:	1.079
		FY2014 Assumption	1.043
		FY2015 Assumption	1.061

Attachment 4

Preferred Drug List Changes

HHSC recently implemented several cost containment initiatives in the prescription drug program. Clients receiving drugs in certain drug classes were previously allowed to continue taking a medication when it moved from preferred status to non-preferred status. This is known as grandfathering. HHSC eliminated grandfathering for the antidepressant and growth hormone drug categories effective January 1, 2014 and the antipsychotic and insulin categories effective May 1, 2014. The elimination of grandfathering results in a more rapid shift to less costly preferred drugs.

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

The attached exhibit presents the derivation of the adjustment factors for the elimination of grandfathering and the addition of the new drug classes.

FY2015 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
STAR

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Ages 19-20	TANF Adults	Pregnant Women	Total
Estimated Pharmacy Cost Impact for PDL Changes (1)								
Bexar	-46,421	-172,928	-279,993	-61,255	-1,383	-190,574	-20,302	-772,855
Dallas	-83,873	-250,280	-249,975	-54,883	-610	-102,931	-15,834	-758,387
El Paso	-11,422	-53,528	-95,447	-33,977	-564	-48,721	-3,718	-247,376
Harris	-152,865	-426,079	-427,354	-128,773	-1,955	-265,977	-36,622	-1,439,625
Hidalgo	-122,259	-328,777	-385,568	-95,943	-1,223	-156,335	-10,365	-1,100,469
Jefferson	-32,056	-55,327	-65,419	-20,171	-861	-63,316	-5,847	-242,997
Lubbock	-8,427	-30,768	-45,735	-11,586	-366	-46,106	-4,894	-147,883
Nueces	-26,225	-84,378	-105,727	-20,637	-490	-92,241	-11,331	-341,028
Tarrant	-49,918	-191,556	-186,219	-46,522	-890	-128,969	-19,066	-623,141
Travis	-9,121	-46,460	-92,825	-31,587	-460	-97,995	-10,852	-289,299
MRSA Central	-16,845	-73,010	-105,824	-29,443	-623	-83,551	-10,570	-319,865
MRSA Northeast	-40,933	-145,918	-150,286	-43,111	-1,149	-162,689	-17,158	-561,245
MRSA West	-29,907	-80,124	-111,139	-30,822	-1,389	-83,736	-11,158	-348,274
Total	-630,273	-1,939,132	-2,301,509	-608,709	-11,963	-1,523,139	-177,717	-7,192,442

Total Pharmacy Incurred Claims (2)

Bexar	4,641,168	15,182,016	35,993,304	8,498,951	213,782	12,006,233	4,731,091	81,266,545
Dallas	9,748,732	32,363,968	53,596,018	14,827,216	214,689	9,033,692	5,862,719	125,647,034
El Paso	3,518,164	8,643,988	16,843,632	5,884,260	105,762	3,994,836	1,583,861	40,574,503
Harris	17,981,690	49,995,692	76,662,195	20,027,148	379,116	20,419,355	11,745,476	197,210,672
Hidalgo	16,317,004	49,996,595	65,508,696	18,540,154	379,305	14,905,913	5,269,659	170,917,326
Jefferson	2,701,837	6,969,260	13,107,590	3,270,453	120,760	4,711,741	1,471,696	32,353,337
Lubbock	1,990,057	5,011,214	8,945,504	2,268,979	73,680	3,445,993	1,419,494	23,154,921
Nueces	2,738,075	8,187,000	15,870,238	3,401,877	87,580	4,199,423	1,858,925	36,343,118
Tarrant	5,453,408	15,106,848	30,963,714	8,543,283	304,062	9,234,737	5,152,423	74,758,475
Travis	3,145,611	7,724,658	14,272,958	4,131,014	92,438	6,369,720	2,253,764	37,990,163
MRSA Central	2,544,362	6,756,425	15,512,727	4,018,779	96,059	5,964,435	2,014,966	36,907,753
MRSA Northeast	4,385,581	12,205,993	24,916,862	6,034,702	186,322	8,597,214	3,117,638	59,444,312
MRSA West	4,097,568	8,407,960	18,427,787	4,502,549	162,114	6,348,411	2,468,087	44,414,476

FY2015 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
STAR

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Ages 19-20	TANF Adults	Pregnant Women	Total
Total	79,263,257	226,551,617	390,621,225	103,949,365	2,415,669	109,231,703	48,949,799	960,982,635

FY2015 Claims Cost Adjustment Factors

Bexar	0.9900	0.9886	0.9922	0.9928	0.9935	0.9841	0.9957	0.9905
Dallas	0.9914	0.9923	0.9953	0.9963	0.9972	0.9886	0.9973	0.9940
El Paso	0.9968	0.9938	0.9943	0.9942	0.9947	0.9878	0.9977	0.9939
Harris	0.9915	0.9915	0.9944	0.9936	0.9948	0.9870	0.9969	0.9927
Hidalgo	0.9925	0.9934	0.9941	0.9948	0.9968	0.9895	0.9980	0.9936
Jefferson	0.9881	0.9921	0.9950	0.9938	0.9929	0.9866	0.9960	0.9925
Lubbock	0.9958	0.9939	0.9949	0.9949	0.9950	0.9866	0.9966	0.9936
Nueces	0.9904	0.9897	0.9933	0.9939	0.9944	0.9780	0.9939	0.9906
Tarrant	0.9908	0.9873	0.9940	0.9946	0.9971	0.9860	0.9963	0.9917
Travis	0.9971	0.9940	0.9935	0.9924	0.9950	0.9846	0.9952	0.9924
MRSA Central	0.9934	0.9892	0.9932	0.9927	0.9935	0.9860	0.9948	0.9913
MRSA Northeast	0.9907	0.9880	0.9940	0.9929	0.9938	0.9811	0.9945	0.9906
MRSA West	0.9927	0.9905	0.9940	0.9932	0.9914	0.9868	0.9955	0.9922
Total	0.9920	0.9914	0.9941	0.9941	0.9950	0.9861	0.9964	0.9925

Footnotes:

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

FY2015 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
STAR+PLUS

Service Area	MO OCC	MO CBA	Total
Estimated Pharmacy Cost Impact for PDL Changes (1)			
Bexar	-1,393,866	-132,643	-1,526,509
Dallas	-1,087,426	-69,947	-1,157,373
El Paso	-445,208	-23,757	-468,965
Harris	-2,257,381	-177,028	-2,434,409
Hidalgo	-933,708	-84,396	-1,018,104
Jefferson	-442,646	-20,564	-463,209
Lubbock	-257,881	-10,565	-268,446
Nueces	-623,696	-71,544	-695,240
Tarrant	-818,946	-67,109	-886,056
Travis	-572,598	-38,396	-610,994
Total	-8,833,357	-695,948	-9,529,305

Total Pharmacy Incurred Claims (2)

Bexar	92,870,568	10,140,166	103,010,734
Dallas	101,460,138	8,935,338	110,395,476
El Paso	33,705,255	2,393,300	36,098,555
Harris	203,035,025	19,954,875	222,989,900
Hidalgo	82,840,355	9,149,134	91,989,489
Jefferson	37,081,585	2,914,849	39,996,434
Lubbock	20,896,166	1,211,174	22,107,340
Nueces	35,012,835	5,192,213	40,205,048
Tarrant	73,997,706	6,783,251	80,780,957
Travis	43,981,549	4,779,518	48,761,067
Total	724,881,182	71,453,818	796,335,000

FY2015 Claims Cost Adjustment Factors

Bexar	0.9850	0.9869	0.9852
Dallas	0.9893	0.9922	0.9895
El Paso	0.9868	0.9901	0.9870
Harris	0.9889	0.9911	0.9891
Hidalgo	0.9887	0.9908	0.9889
Jefferson	0.9881	0.9929	0.9884
Lubbock	0.9877	0.9913	0.9879
Nueces	0.9822	0.9862	0.9827
Tarrant	0.9889	0.9901	0.9890
Travis	0.9870	0.9920	0.9875
Total	0.9878	0.9903	0.9880

Footnotes:

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

FY2015 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
STAR+PLUS MRSA Expansion

<u>Service Area</u>	<u>Medicaid Only</u>
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Estimated Pharmacy Cost Impact for PDL Changes (1)

MRSA Central	-637,195
MRSA Northeast	-1,132,186
MRSA West	-730,191
 Total	 -2,499,571

Total Pharmacy Incurred Claims (2)

MRSA Central	50,390,339
MRSA Northeast	85,933,093
MRSA West	60,870,968
 Total	 197,194,400

FY2015 Claims Cost Adjustment Factors

MRSA Central	0.9874
MRSA Northeast	0.9868
MRSA West	0.9880
 Total	 0.9873

Footnotes:

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

FY2015 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
STAR+PLUS IDD Expansion

Service Area	< Age 21	Age 21+	Total
Estimated Pharmacy Cost Impact for PDL Changes (1)			
Bexar	-27,064	-130,419	-157,483
Dallas	-26,922	-110,566	-137,489
El Paso	-3,444	-53,794	-57,237
Harris	-72,158	-251,652	-323,811
Hidalgo	-10,271	-54,752	-65,023
Jefferson	-8,026	-25,959	-33,985
Lubbock	-9,361	-30,383	-39,743
Nueces	-8,711	-57,920	-66,632
Tarrant	-29,313	-110,813	-140,126
Travis	-17,379	-107,469	-124,848
MRSA Central	-9,453	-53,663	-63,116
MRSA Northeast	-10,855	-76,023	-86,878
MRSA West	-18,662	-87,342	-106,004
Total	-251,618	-1,150,756	-1,402,374

Total Pharmacy Incurred Claims (2)

Bexar	2,317,875	7,166,643	9,484,518
Dallas	3,342,322	6,910,688	10,253,009
El Paso	292,893	2,561,211	2,854,104
Harris	5,813,588	15,092,153	20,905,741
Hidalgo	1,428,758	3,624,199	5,052,958
Jefferson	575,560	1,501,459	2,077,019
Lubbock	815,719	2,348,322	3,164,041
Nueces	666,781	2,588,426	3,255,208
Tarrant	2,688,115	7,024,686	9,712,801
Travis	1,875,229	5,139,687	7,014,916
MRSA Central	1,340,223	3,021,828	4,362,051
MRSA Northeast	1,630,138	4,410,190	6,040,327
MRSA West	1,528,554	4,752,659	6,281,213
Total	24,315,754	66,142,151	90,457,905

FY2015 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
STAR+PLUS IDD Expansion

Service Area	< Age 21	Age 21+	Total
FY2015 Claims Cost Adjustment Factors			
Bexar	0.9883	0.9818	0.9834
Dallas	0.9919	0.9840	0.9866
El Paso	0.9882	0.9790	0.9799
Harris	0.9876	0.9833	0.9845
Hidalgo	0.9928	0.9849	0.9871
Jefferson	0.9861	0.9827	0.9836
Lubbock	0.9885	0.9871	0.9874
Nueces	0.9869	0.9776	0.9795
Tarrant	0.9891	0.9842	0.9856
Travis	0.9907	0.9791	0.9822
MRSA Central	0.9929	0.9822	0.9855
MRSA Northeast	0.9933	0.9828	0.9856
MRSA West	0.9878	0.9816	0.9831
Total	0.9897	0.9826	0.9845

Footnotes:

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

FY2015 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
STAR Health

Estimated Pharmacy Cost Impact for PDL Changes (1)	-787,219
Total Pharmacy Incurred Claims (2)	52,763,491
FY2015 Claims Cost Adjustment Factors	0.9851

Footnotes:

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

FY2015 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
CHIP

Service Area	Ages < Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Perinate <185%	Perinate 185%+	Newborn <185%	Newborn 185%+	Total
Estimated Pharmacy Cost Impact for PDL Changes (1)									
Bexar	-99	-11,249	-63,570	-27,108	-188	-55	0	-2	-102,271
Dallas	-198	-25,536	-85,683	-30,498	-494	8	0	-1	-142,402
El Paso	-4	-2,464	-15,283	-4,712	-71	0	0	-1	-22,536
Harris	-179	-36,095	-109,683	-49,324	-1,259	5	0	-23	-196,558
Jefferson	-2	-3,372	-8,166	-7,100	-38	0	0	0	-18,677
Lubbock	0	-1,191	-5,804	-4,571	-36	0	0	0	-11,601
Nueces	-7	-2,936	-15,363	-6,850	1	0	0	0	-25,154
Tarrant	-77	-18,204	-63,663	-22,473	-764	-67	0	-1	-105,251
Travis	-23	-4,533	-33,526	-18,832	-532	-32	0	-1	-57,478
RSA	-54	-27,884	-128,391	-73,543	-1,305	-13	0	-15	-231,204
Total	-643	-133,463	-529,131	-245,011	-4,684	-155	0	-44	-913,132
Total Pharmacy Incurred Claims (2)									
Bexar	7,288	1,268,616	9,719,964	3,434,166	236,272	9,122	0	42	14,675,470
Dallas	31,286	3,098,031	19,673,546	7,611,677	458,453	19,910	0	2,955	30,895,858
El Paso	8,294	554,764	4,078,753	1,576,769	218,623	2,163	0	173	6,439,539
Harris	49,528	4,880,511	26,585,378	10,902,545	3,039,407	61,340	0	6,511	45,525,220
Jefferson	3,724	486,084	3,114,515	1,061,603	62,748	2,293	0	457	4,731,424
Lubbock	2,934	454,256	2,791,566	980,384	63,547	2,116	0	104	4,294,907
Nueces	3,576	498,927	3,598,603	1,152,848	66,407	1,911	0	73	5,322,345
Tarrant	17,009	2,047,418	13,801,349	4,490,833	1,076,075	25,302	0	867	21,458,853
Travis	9,366	867,439	5,462,874	2,218,627	352,073	8,712	0	939	8,920,030
RSA	46,862	6,139,033	31,100,530	9,845,518	1,930,839	26,417	0	7,033	49,096,232
Total	179,867	20,295,079	119,927,078	43,274,970	7,504,444	159,286	0	19,154	191,359,878

FY2015 Pharmacy Carve-in Rating Analysis
PDL Rate Adjustment Factors
Experience Period: 1/1/2013 - 12/31/2013
CHIP

Service Area	< Age 1	Ages 1-5	Ages 6-14	Ages 15-18	Perinate <185%	Perinate 185%+	Newborn <185%	Newborn 185%+	Total
FY2015 Claims Cost Adjustment Factors									
Bexar	0.9864	0.9911	0.9935	0.9921	0.9992	0.9940	#DIV/0!	0.9574	0.9930
Dallas	0.9937	0.9918	0.9956	0.9960	0.9989	1.0004	#DIV/0!	0.9996	0.9954
El Paso	0.9995	0.9956	0.9963	0.9970	0.9997	1.0000	#DIV/0!	0.9925	0.9965
Harris	0.9964	0.9926	0.9959	0.9955	0.9996	1.0001	#DIV/0!	0.9964	0.9957
Jefferson	0.9995	0.9931	0.9974	0.9933	0.9994	1.0000	#DIV/0!	1.0000	0.9961
Lubbock	1.0000	0.9974	0.9979	0.9953	0.9994	1.0000	#DIV/0!	1.0000	0.9973
Nueces	0.9980	0.9941	0.9957	0.9941	1.0000	1.0000	#DIV/0!	1.0000	0.9953
Tarrant	0.9955	0.9911	0.9954	0.9950	0.9993	0.9973	#DIV/0!	0.9983	0.9951
Travis	0.9975	0.9948	0.9939	0.9915	0.9985	0.9964	#DIV/0!	0.9993	0.9936
RSA	0.9988	0.9955	0.9959	0.9925	0.9993	0.9995	#DIV/0!	0.9979	0.9953
Total	0.9964	0.9934	0.9956	0.9943	0.9994	0.9990	#DIV/0!	0.9977	0.9952

Footnotes:

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

Attachment 5

ADHD Clinical Edit

Effective February 13, 2014, HHSC implemented a new clinical edit designed to address the overutilization of prescription drugs used to treat Attention Deficit Hyperactivity Disorder (ADHD). VDP staff provided us with a list of ADHD drugs that would be impacted by the new edit.

Based on the information available, we were not able to apply all of the parameters of the edit to the historical experience. Our cost analysis included only the age limitation portion of the edit. We assumed that all extended release (ER) and non-stimulate (NS) ADHD formulations would be denied for children under age 6. In addition, all immediate release (IR) ADHD formulations would be denied for children under age 3. In each of these cases, we assumed that the client would receive alternative therapy and included the cost of that therapy as an offset to any savings.

The attached exhibit presents the derivation of the adjustment factors for the new ADHD clinical edit. Please note that HHSC has since revised the new ADHD clinical edit. However, the revisions did not impact the age limitation portion of the edit and, therefore, did not impact our cost analysis.

FY2015 Pharmacy Carve-in Rating Analysis
 ADHD Clinical Edit Rate Adjustment Factors
 Experience Period: 1/1/2013 - 12/31/2013

Service Area	Total Incurred Claims		Denied ADHD Claims		Alternative Therapy		Rate Adjustment Factor	
	Children <1	Children 1-5	Children <1	Children 1-5	Children <1	Children 1-5	Children <1	Children 1-5
STAR								
Bexar	4,372,380	15,182,015	0	579,310	0	218,283	1.0000	0.9762
Dallas	9,262,635	32,363,968	0	598,440	0	231,228	1.0000	0.9887
El Paso	3,286,043	8,643,989	0	137,319	0	53,015	1.0000	0.9902
Harris	17,146,297	49,995,696	201	1,079,120	75	415,845	1.0000	0.9867
Hidalgo	15,568,305	49,996,594	0	962,114	0	366,888	1.0000	0.9881
Jefferson	2,576,596	6,969,264	0	413,568	0	160,543	1.0000	0.9637
Lubbock	1,859,953	5,011,215	0	132,033	0	50,165	1.0000	0.9837
Nueces	2,606,661	8,187,001	0	529,743	0	201,230	1.0000	0.9599
Tarrant	5,182,749	15,106,849	0	363,223	0	139,130	1.0000	0.9852
Travis	2,976,838	7,724,660	0	190,145	0	71,540	1.0000	0.9846
MRSA Central	2,415,734	6,756,425	0	443,807	0	164,123	1.0000	0.9586
MRSA Northeast	4,167,770	12,205,991	0	477,288	0	191,085	1.0000	0.9766
MRSA West	3,854,708	8,407,960	0	478,904	0	186,603	1.0000	0.9652
Total	75,276,669	226,551,626	201	6,385,013	75	2,449,675	1.0000	0.9826
STAR Health		52,763,491		812,130		303,405		0.9904
CHIP								
Bexar	7,288	1,268,615	0	29,708	0	12,610	1.0000	0.9865
Dallas	31,287	3,098,029	0	42,758	0	16,853	1.0000	0.9916
El Paso	8,296	554,763	0	5,432	0	2,845	1.0000	0.9953
Harris	49,526	4,880,511	308	67,758	150	29,810	0.9968	0.9922
Jefferson	3,723	486,082	0	12,681	0	5,885	1.0000	0.9860
Lubbock	2,933	454,257	0	14,184	0	6,218	1.0000	0.9825
Nueces	3,578	498,927	0	24,387	0	10,563	1.0000	0.9723
Tarrant	17,010	2,047,422	0	37,804	0	14,775	1.0000	0.9888
Travis	9,367	867,439	0	16,534	0	7,205	1.0000	0.9892
RSA	46,860	6,139,033	0	87,555	0	40,853	1.0000	0.9924
Total	179,868	20,295,078	308	338,803	150	147,615	0.9991	0.9906

FY2015 Pharmacy Carve-in Rating Analysis
 ADHD Clinical Edit Rate Adjustment Factors
 Experience Period: 1/1/2013 - 12/31/2013

Service Area	Total Incurred Claims		Denied ADHD Claims		Alternative Therapy		Rate Adjustment Factor	
	OCC	CBA	OCC	CBA	OCC	CBA	OCC	CBA
STAR+PLUS								
Bexar	92,870,570	10,140,167	25,886	0	10,275	0	0.9998	1.0000
Dallas	101,460,140	8,935,338	8,353	0	3,610	0	1.0000	1.0000
El Paso	33,705,258	2,393,299	442	0	150	0	1.0000	1.0000
Harris	203,035,027	19,954,875	22,180	0	8,343	0	0.9999	1.0000
Hidalgo	82,840,354	9,149,134	76,169	0	28,990	0	0.9994	1.0000
Jefferson	37,081,588	2,914,852	4,289	0	2,025	0	0.9999	1.0000
Lubbock	20,896,168	1,211,172	211	0	75	0	1.0000	1.0000
Nueces	35,012,835	5,192,212	13,753	0	5,550	0	0.9998	1.0000
Tarrant	73,997,706	6,783,251	7,895	0	3,083	0	0.9999	1.0000
Travis	43,981,551	4,779,518	2,697	0	1,050	0	1.0000	1.0000
Total	724,881,196	71,453,817	161,876	0	63,150	0	0.9999	1.0000
STAR+PLUS Expansion								
MRSA Central	7,043,782	65,645,759	73,307	0	25,545	0	0.9932	1.0000
MRSA Northeast	5,595,038	46,511,062	57,121	0	21,213	0	0.9936	1.0000
MRSA West	7,208,516	69,118,241	57,570	0	22,665	0	0.9952	1.0000
Total	19,847,336	181,275,062	187,997	0	69,423	0	0.9940	1.0000

Attachment 6

ESRD and Ventilator-dependent Adjustment

Previously, STAR+PLUS members who were diagnosed with End Stage Renal Disease (ESRD) or became ventilator dependent were disenrolled from managed care. Effective September 1, 2013, this disenrollment is no longer allowed. In addition, affected members who were previously disenrolled from STAR+PLUS were re-enrolled in managed care.

HHSC provided member identification numbers for those 114 members who were disenrolled from STAR+PLUS as a result of being diagnosed with ESRD or becoming ventilator dependent during the period September 1, 2012 through August 31, 2013. We determined the FFS enrollment and claims experience for these disenrolled members during the experience period and developed appropriate adjustment factors. The attached exhibit presents a summary of our analysis of the impact of this program change.

STAR+PLUS Rate Setting
 FY2015 Prescription Drug Rating Analysis
 Cost Impact of moving ESRD and Ventilator Clients back into STAR+PLUS (1)

Service Area	STAR+PLUS Experience (2)			FFS Experience for Disenrolled ESRD and Ventilator Clients (3)			Combined Experience			Adjustment Factor
	Member Months	Incurred Claims	Incurred pmpm	Member Months	Incurred Claims	Incurred pmpm	Member Months	Incurred Claims	Incurred pmpm	
Bexar	278,215	103,459,713	371.87	221	157,463	712.50	278,436	103,617,176	372.14	1.0007
Dallas	344,022	107,033,983	311.13	160	76,528	478.30	344,182	107,110,511	311.20	1.0002
El Paso	85,557	34,466,339	402.85	9	7,652	850.24	85,566	34,473,991	402.89	1.0001
Harris	586,565	218,096,433	371.82	313	212,836	679.99	586,878	218,309,269	371.98	1.0004
Hidalgo	278,010	89,017,806	320.20	98	24,874	253.81	278,108	89,042,680	320.17	1.0000
Jefferson	112,539	38,530,281	342.37	30	9,270	309.01	112,569	38,539,551	342.36	1.0000
Lubbock	63,606	21,816,983	343.00	31	17,329	559.00	63,637	21,834,312	343.11	1.0003
Nueces	107,507	40,035,936	372.40	123	69,953	568.72	107,630	40,105,889	372.63	1.0006
Tarrant	198,898	76,930,746	386.78	1	1,435	1,434.92	198,899	76,932,181	386.79	1.0000
Travis	120,870	47,899,690	396.29	24	14,594	608.10	120,894	47,914,285	396.33	1.0001
	2,175,789	777,287,911	357.24	1,010	591,934	586.07	2,176,799	777,879,845	357.35	1.0003

Footnotes:

(1) FY2013 experience period.

(2) OCC and CBA clients combined.

(3) Includes all clients disenrolled from STAR+PLUS clients as a result of being diagnosed with ESRD or becoming ventilator dependent since 9/1/2006.

Attachment 7

Unlimited Prescriptions

Adults (clients age 21 and over) in Medicaid FFS have a three prescription per month limit while those adult clients in managed care receive unlimited prescriptions. In order to recognize the increase in benefit (and cost) for adult clients moving from FFS to managed care, we developed adjustment factors for adult IDD clients currently in FFS.

In order to evaluate the cost impact of moving to unlimited prescriptions, we reviewed the experience of adult SSI clients who moved from FFS to managed care effective March 1, 2012 in the MRSA areas for STAR and the El Paso, Hidalgo and Lubbock areas for STAR+PLUS. The attached exhibit presents a summary of our analysis. We assumed that moving from a three prescription limit to unlimited prescriptions would increase the per-capita pharmacy cost for adult IDD FFS clients by 20%.

FY2015 Pharmacy Carve-in Rate Setting
 VDP Experience for STAR+PLUS
 Analysis of Unlimited Prescriptions

Service Area	Member Months	Incurred Claims		Incurred Claims ppm		Ratio:
		3/11-2/12	3/12-2/13	3/11-2/12	3/12-2/13	
El Paso	31,200	7,672,526	9,456,873	245.91	303.10	1.233
Hidalgo	1,920	767,576	756,903	399.78	394.22	0.986
Lubbock	12,480	2,255,540	2,707,431	180.73	216.94	1.200
MRSA Central	2,208	488,248	541,759	221.13	245.36	1.110
MRSA Northeast	396	83,798	116,164	211.61	293.34	1.386
MRSA West	360	207,297	189,706	575.82	526.96	0.915
Total	48,564	11,474,985	13,768,837	236.29	283.52	1.200

Notes:

- (1) Includes experience for all Medicaid SSI clients who were both (i) FFS clients during the entire 3/1/2011 through 2/29/2012 period and (ii) MCO clients during the entire 3/1/2012 through 2/28/2013 period.
- (2) These clients had a monthly three prescription limit during the first half of the experience period and unlimited scripts during the second half.

Attachment 8

MRSA IDD Adjustment

The STAR+PLUS program will expand to the MRSA region effective September 1, 2014. SSI clients in the MRSA are currently covered under STAR. The experience for these clients formed the basis for our STAR+PLUS MRSA Expansion pharmacy rate analysis. However, the STAR SSI experience also includes some IDD clients. Since IDD clients will now have a new, separate risk group in STAR+PLUS, it is necessary to remove their experience from the base period for purposes of developing rates for the SSI risk groups. The attached exhibit presents the derivation of our cost analysis for removing IDD members from SSI risk groups.

STAR+PLUS Rate Setting
 FY2015 Prescription Drug Rating Analysis
 Cost Impact of removing IDD Clients from STAR+PLUS Medicaid Only Risk Groups in MRSA*
 CY2013 Experience

	MRSA Central			MRSA Northeast			MRSA West			All Service Areas		
	Member Months	Incurred Claims	Incurred pmpm	Member Months	Incurred Claims	Incurred pmpm	Member Months	Incurred Claims	Incurred pmpm	Member Months	Incurred Claims	Incurred pmpm
Medicaid Only, Under Age 21												
non-IDD Clients	32,162	6,708,870	208.60	39,624	7,532,384	190.10	26,468	5,750,465	217.26	98,254	19,991,720	203.47
IDD Clients	437	194,405	444.86	494	154,983	313.73	625	251,154	401.85	1,556	600,542	385.95
All Clients	32,599	6,903,275	211.76	40,118	7,687,367	191.62	27,093	6,001,620	221.52	99,810	20,592,262	206.31
Medicaid Only, Over Age 20												
non-IDD Clients	130,442	41,068,788	314.84	213,646	74,899,530	350.58	152,982	51,265,276	335.11	497,070	167,233,594	336.44
IDD Clients	6,853	2,418,272	352.88	8,313	3,346,196	402.53	9,191	3,604,074	392.13	24,357	9,368,542	384.63
All Clients	137,295	43,487,060	316.74	221,959	78,245,726	352.52	162,173	54,869,350	338.34	521,427	176,602,136	338.69
Total												
non-IDD Clients	162,604	47,777,658	293.83	253,270	82,431,914	325.47	179,450	57,015,741	317.72	595,324	187,225,314	314.49
IDD Clients	7,290	2,612,677	358.39	8,807	3,501,179	397.55	9,816	3,855,229	392.75	25,913	9,969,084	384.71
All Clients	169,894	50,390,335	296.60	262,077	85,933,094	327.89	189,266	60,870,970	321.62	621,237	197,194,398	317.42
IDD Adjustment Factors												
MO, Under Age 21			0.9850			0.9921			0.9808			0.9862
MO, Over Age 20			0.9940			0.9945			0.9904			0.9934
Total			0.9907			0.9926			0.9879			0.9908

* IDD clients are included STAR MRSA experience (CY2013). In STAR+PLUS, they will have their own risk group.