



Texas Medicaid Managed Care Cost Impact Study

Prepared for:
Texas Association of Health Plans

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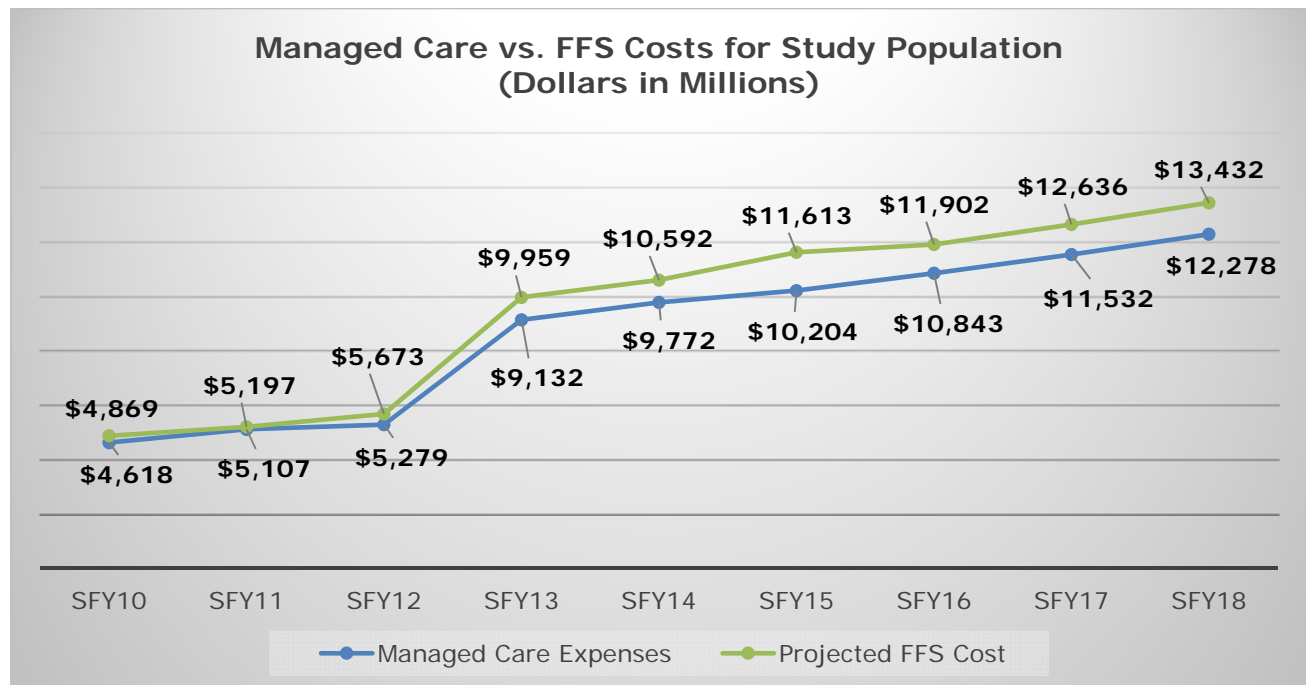
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EXECUTIVE SUMMARY

Milliman was engaged by the Texas Association of Health Plans (TAHP) to evaluate the cost impact that managed care has on costs to the state for Texas Medicaid. Since the initial Travis County STAR pilot in 1993, Texas has continued to expand the scope and reach of managed care to the current time, when the vast majority of Medicaid recipients and healthcare services are covered through capitated managed care organizations (MCOs). Therefore, it is critical to have an understanding of how costs have trended under these programs. Cost changes are driven by a large number of factors, including changes to the mix of the populations enrolled, covered benefits and services, and healthcare cost trends. In our analysis, we have isolated these cost drivers in order to provide a better understanding of the sources of cost changes, and ultimately the estimated impact that the MCOs have had on costs in the STAR, STAR+PLUS and Medicaid Dental programs.

This study was developed using a methodology typically used in retrospective valuations of disease and/or case management programs. This study estimates the impact that managed care organizations have on the state budget by comparing actual historical program costs to hypothetical costs under a fee-for-service arrangement.

For the six year period from SFY2010 – SFY2015, we estimate that the managed care capitation payment structure of the STAR and STAR-PLUS programs have resulted in a Medicaid All Funds cost reduction in the range of 5.0% to 10.7% when compared to estimated expenditures on a fee-for-service structure. This range applies to our cost impact study population, which covered approximately \$44.1 billion of Texas State Medicaid All Funds spending for this time period. Our best estimate is that this results in savings of nearly \$3.8 billion, or 7.9% over six years. Taking into account Federal Medicaid matching (FMAP) and premium tax revenue to the state, we estimate that managed care has reduced the state portion of Medicaid funding by 7.4% to 13.0% over this same period for the programs covered in the study. This results in a best estimate of \$2 billion in savings to the state, or 10.2% of the state's share of projected FFS expense.



The analysis separately addresses costs for STAR medical, STAR+PLUS medical, STAR pharmacy, STAR+PLUS pharmacy, and the Texas Medicaid Dental Program. For the medical cost analysis (including long-term services and supports (LTSS) in STAR+PLUS), we assessed the cost impact from SFY2009 through SFY2015, and projected the impacts through SFY2018. We included the Service Delivery Areas (SDAs) that

had converted to risk-based capitated managed care in the STAR and STAR+PLUS programs prior to SFY2009, and the major service categories included in the capitation at that time.

For pharmacy, dental, and STAR+PLUS inpatient we assessed the cost impact from the initial date of the carve-in (March 1, 2012) through SFY2015, and projected the impacts through SFY2018. All SDAs are included in the study for these programs.

The primary data sources used for the analysis were the annual actuarial rate memoranda. These formed consistent and publicly available sources of information for all programs.

As with any study of this type and magnitude, the estimated savings dollars are highly leveraged to the assumptions being used. The complete report describes the underlying methodology, assumptions, and limitations in detail and is critical for an understanding of the results.

INTRODUCTION

Milliman was engaged by the Texas Association of Health Plans (TAHP) to evaluate the cost impact that managed care has on costs to the state for Texas Medicaid. Since the initial Travis County STAR pilot in 1993, Texas has expanded the scope and reach of managed care to the current time, when the vast majority of Medicaid recipients and healthcare services are covered through capitated managed care organizations (MCOs). Therefore, it is critical to have an understanding of how costs have trended under these programs. Cost changes are driven by a large number of factors, including changes to the mix of the populations enrolled, covered benefits and services, and healthcare cost trends. In our analysis, we have isolated these cost drivers in order to provide a better understanding of the sources of cost changes, and ultimately the estimated impact that the MCOs have had on costs in the STAR, STAR+PLUS, and Medicaid Dental programs.

The report includes our key findings, methodology, and assumptions.

Scope of Study

We were asked to estimate the impact that MCOs in Texas have had on Medicaid costs in recent periods and to project the ongoing cost impact. We separately analyzed costs for STAR medical, STAR+PLUS medical, STAR pharmacy, STAR+PLUS pharmacy, and the Texas Medicaid Dental Program. For the medical cost analysis (including long-term services and supports (LTSS) in STAR+PLUS), we assessed the cost impact from SFY2009 through SFY2015, and projected the impacts through SFY2018. We included the Service Delivery Areas (SDAs) that had converted to risk-based capitated managed care in the STAR and STAR+PLUS programs prior to SFY 2009, and the major service categories included in the capitation at that time.

For pharmacy, dental, and STAR+PLUS inpatient we assessed the cost impact from the initial date of the carve-in (March 1, 2012) through SFY2015, and projected the impacts through SFY2018. All SDAs are included in the study for these programs.

Caveats

This report has been prepared for the use of TAHP. It may not be released to other parties without the prior written permission of Milliman, Inc. If Milliman grants permission to distribute this report to third parties, the report should be distributed in its entirety. Any user of the report must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the information presented.

Milliman makes no representations or warranties regarding the contents of this report to third parties. Likewise, third parties are instructed that they are to place no reliance upon this report that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Third parties receiving this report must rely upon their own experts in drawing conclusions about the information contained herein.

The enclosed projections reflect financial consequences that will result if the underlying assumptions are realized precisely. Actual results will differ from the projections due to a variety of influences, including random variation in the need for healthcare services. While we estimate the fee-for-service (FFS) costs that may have emerged in the absence of managed care, there is no way to precisely quantify those costs. This report discusses the specific assumptions, methodology, and limitations related to this evaluation.

In performing this analysis, we relied on data and other information provided by MCOs who are TAHP member companies, as well as public sources of data such as that available on the Texas Health and Human Services Commission (HHSC) and the Centers for Medicare and Medicaid Services (CMS) websites. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond

the scope of our assignment. This report is subject to the terms of the Consulting Services Agreement between TAHP and Milliman, Inc. dated September 19, 2012.

Qualification Statement

I, Susan K. Hart, am a Principal and Consulting Actuary with the firm of Milliman, Inc. I am a member of the American Academy of Actuaries and I meet the qualification standards for performing the analyses in this report.

BACKGROUND

In the STAR and STAR+PLUS programs, MCOs are paid a capitation rate to provide specified benefits to Medicaid enrollees. These capitation rates are paid on a per member per month (PMPM) basis, and vary based on the member's risk group and SDA.

The general capitation pricing methodology applied by HHSC's consulting actuaries is as follows:

1. Starts with an experience period incurred claim amount PMPM based on MCO experience (or FFS experience prior to availability of MCO experience). Typically the experience period will be the SFY two years prior to the rating period, i.e., SFY2013 claim costs as the basis for SFY2015 rating;
2. Applies trend factors for expected cost changes from the experience period to the rating period;
3. Applies provider reimbursement and program change adjustments;
4. Adds components for capitation, net reinsurance costs, administrative expenses, risk margin, premium tax, and maintenance costs;
5. Adjusts the rates by rate cell to provide a separate payment for deliveries (for STAR Medical);
6. Applies MCO-specific risk adjustment to arrive at MCO capitation rates.

The first 5 steps are performed within each SDA for each risk group and limited service category. Service categories include Medical and Drugs for STAR, and Medical Other than IP Hospital, Drugs, and IP hospital for STAR+PLUS. The first five steps result in community rates by SDA while the last step results in rates that vary by MCO.

The MCOs take the risk of costs being in excess of those expected in the rate development. If an MCO's costs are significantly below projected, excess gains are shared with the state beginning at 3% profit through an experience rebate. Excess losses, however, are borne completely by the health plan. There is no negative risk for the state.

The rates are generally finalized in the summer and are applicable for the upcoming SFY. In this manner, the state is able to reasonably estimate its costs for the capitated Medicaid enrollees prior to the SFY, with the main deviations being due to differences between actual-to-expected population counts, the mix of the population by risk group and SDA, and experience rebates. The state pays based on the estimated impacts of cost trends and program changes, rather than being subject to significant potential variability from those estimates as they would be in a fee-for-service environment.

While that predictability is an advantage of a capitated model, the primary expected financial value of Medicaid managed care is driven by the MCOs' abilities to manage and control costs. When managed care is rolled out to a new area, the initial cost savings or cost neutral results for the state are essentially guaranteed. In the rate development steps described above, the experience period costs in step 1 are based on FFS experience. In addition to the normal adjustments, the rate development will include a managed care savings component, or an assumed cost savings that can be achieved by the MCOs. This savings must be sufficient to allow for total costs, including the administrative components and risk margin in step 4 to not exceed projected FFS costs.

The state also receives savings via additional revenue through the premium tax included in the capitation rates paid to the MCOs. The capitation rate development includes a 1.75% premium tax, which is partially funded through federal matching funds. This revenue source does not exist in a FFS arrangement.

As managed care matures in an area, the experience period costs are based only on MCO experience. Because Texas Medicaid has moved from primarily a fee-for-service program to one in which the majority of enrollees (80% in 2014) are enrolled in managed care through the MCOs, the ability to compare FFS to managed care costs and results are limited. This is what led to TAHP's desire for this study to review and evaluate the cost impact of managed care in Texas.

COST IMPACT RESULTS

For the six year period from SFY2010 – SFY2015, we estimate that managed care capitation payment structure of the STAR and STAR-PLUS programs have resulted in a Medicaid All Funds cost reduction in the range of 5.0% to 10.7% when compared to estimated expenditures on a fee-for-service structure. This range applies to our cost impact study population, which covered approximately \$44.1 billion of Texas State Medicaid All Funds spending for this time period. Our best estimate is that this results in savings of nearly \$3.8 billion, or 7.9% over six years. Taking into account Federal Medicaid matching (FMAP) and premium tax revenue to the state, we estimate that managed care has reduced the state portion of Medicaid funding by 7.4% to 13.0% over this same period for the programs covered in the study. This results in a best estimate of \$2 billion in savings to the state, or 10.2% of the state's share of expense. Chart A, below, provides more detail on our best estimate.

Chart A				
Texas Association of Health Plans				
Cost Impact by Cohort - Through State Fiscal Year 2015				
Program - Service Type	All Funds (Dollars in Millions)	All Funds %	State Funds (Dollars in Millions)	State Funds %
STAR+PLUS Programs				
STAR+PLUS Pharmacy	\$ (327)	-10.8%	\$ (163)	-13.0%
STAR+PLUS LTSS	\$ (172)	-3.5%	\$ (117)	-5.8%
STAR+PLUS Acute (Non-Inpatient)	\$ 114	3.7%	\$ 12	1.0%
STAR+PLUS Acute (Inpatient)	\$ 219	16.0%	\$ 74	13.0%
Subtotal STAR+PLUS	\$ (166)	-1.3%	\$ (194)	-3.8%
STAR Programs				
STAR Pharmacy	\$ (40)	-1.1%	\$ (56)	-3.5%
STAR Medical	\$ (2,066)	-7.8%	\$ (1,104)	-10.1%
Subtotal STAR	\$ (2,106)	-7.0%	\$ (1,160)	-9.3%
Subtotal - Medicaid Dental	\$ (1,519)	-28.4%	\$ (670)	-30.2%
Total - Study Population	\$ (3,791)	-7.9%	\$ (2,025)	-10.2%

A major driver enabling these programs to achieve savings can be seen in their average annual implied cost trends. These implied cost trends were determined by normalizing the year-over-year expenses for population mix, program changes, and shifts in administrative expenses. Please see the Methodology and Assumptions section of this report for more details on this process. As you will see in the grid below, four out of the seven cohorts we studied have annualized trends below 1%. STAR Medical, the largest of the cohorts, is still achieving significant savings with an annualized trend of 1.6%, as is STAR+PLUS LTSS, with a trend of 3.3%. Chart B, below summarizes these trends.

Chart B Texas Association of Health Plans Annualized Implied Trends		
Program - Service Type	Span	Annualized Implied Trend
STAR Medical	6-years	1.6%
STAR Pharmacy	3-years	0.5%
Medicaid Dental	3-years	-8.7%
STAR+PLUS LTSS	6-years	3.3%
STAR+PLUS Acute (Non-Inpatient)	6-years	0.8%
STAR+PLUS Acute (Inpatient)	3-years	7.2%
STAR+PLUS Pharmacy	3-years	-0.9%

We investigated the larger trend on STAR+PLUS Acute Inpatient. Claim costs increased significantly between the base years under FFS and the initial years of the IP carve-in, causing a large increase in capitation rates for SFY2014. It is not clear whether this increase would have also occurred in a continued FFS environment. One contributor to the increase was that the MCOs were not initially permitted to implement a “spell of illness” limitation that existed in FFS. We have applied adjustments to reflect this limitation. Because we are not able to identify other significant drivers of this increase, we have applied a consistent methodology to the inpatient cohort as to the other blocks.

Sensitivities were run on the major assumptions in this study. The range of results provided were determined by assuming a 1% variance in annual FFS trends for each cohort. Chart C provides a comparison of these ranges.

Chart C Texas Association of Health Plans Trend Sensitivity (Dollars in Millions)				
Total Population Cost Impacts	All Funds Impact	All Funds %	State Funds Impact	State Funds %
Through SFY2015				
1% Reduction in Trend	(\$2,323)	-5.0%	(\$1,417)	-7.4%
At Current Trend	(\$3,791)	-7.9%	(\$2,025)	-10.2%
1% Increase in Trend	(\$5,304)	-10.7%	(\$2,650)	-13.0%
Through SFY2018				
1% Reduction in Trend	(\$4,497)	-5.4%	(\$2,683)	-7.7%
At Current Trend	(\$7,108)	-8.3%	(\$3,771)	-10.5%
1% Increase in Trend	(\$9,798)	-11.1%	(\$4,890)	-13.2%

Negative Values and Percentages Indicate Savings

Accompanying this report are the following exhibits detailing our results:

- Exhibits 1a and 1b “Managed Care Cost Impact by Cohort”: These exhibits show the All Funds Impact and the State Budget Impact for each of the specific cohorts we studied, combined at the program level, and as a combined population. Exhibit 1a compiles results as of SFY2015, and Exhibit 1b projects through SFY2018.
- Exhibit 2 “STAR, STAR+PLUS, and Dental”: This exhibit shows a year-to-year comparison of the aggregate managed care program expenses compared to the estimated FFS costs that would exist in its absence. This is the first look at the savings calculation we utilized across all cohorts, providing a cost impact at the All Funds level (column D) and the state level (column I).

- Exhibit 3 “STAR - Medical and Pharmacy”: This exhibit is the same format as Exhibit 2, but it only focuses on the cost impacts on the STAR program.
- Exhibit 4 “STAR+PLUS - Medical and Pharmacy”: This exhibit is the same format as Exhibits 2 and 3, but it only focuses on the cost impacts on the STAR+PLUS program.
- Exhibit 5 “Medicaid Dental Program”: This exhibit provide a detailed view of the method used to assess the dental program expenses against theoretical FFS costs that would have been incurred in the absence of managed care. The first section, “Managed Care Experience”, provides an historical look at the enrollment, claims, capitation rates, and trends. The section to the right of that, “Projected FFS”, contains the method used to project the theoretical FFS costs. Finally, the bottom section, “Savings Calculation”, compiles the information from the sections above using the same methods as the prior exhibits. Please see the Methodology and Assumptions section of this report for more details.

The analysis shows significant savings in the dental managed care program. This result is consistent with findings in a report prepared for HHSC in 2013, evaluating the initial 6 months of the rollout.¹

- Exhibit 6a – 6f (cohort specific): These exhibits provide a detailed view of the method used to assess each of the STAR and STAR+PLUS cohorts against theoretical FFS costs that would have been incurred in the absence of managed care. Please see the Methodology and Assumptions section of this report for more details.

¹Capitated Managed Care Model of Dental Services Report. As Required By General Appropriations Act for the 2012-13 Biennium House Bill No. 1, Article II

Health and Human Services Commission, Rider 54 – 82nd Texas Legislature, Regular Session, 2011. Prepared by Public Consulting Group, Inc. (PCG) February 15, 2013

METHODOLOGY AND ASSUMPTIONS

This section describes the methodology and assumptions used in our analysis, separately for medical costs (including acute and long-term care) and pharmacy costs.

In general, this study was developed using a methodology typically used in retrospective valuations of disease and/or case management programs. This study estimates the impact that managed care organizations have on the state budget by comparing actual historical program costs to hypothetical costs under a fee-for-service arrangement.

We first collected the relevant actuarial memorandums dating back to SFY2009. Historical membership, capitation rates, claims, and retention information was extracted from these memoranda and organized into the five main programs that our cost impact study focused on: STAR Medical, STAR+PLUS Medical, STAR Prescription Drug, STAR+PLUS Prescription Drug, and Texas Medicaid Dental. STAR Health and STAR Kids were beyond the scope of the study.

As detailed in Chapter 1 of this report, Texas has expanded its Medicaid program many times since SFY2009; including carving-in new services, extending into new geographical regions, and covering new populations. The service area expansions have not been included in the cost impact analysis for the following reasons:

1. FFS Baseline: when developing the FFS cost for comparison, the SFY2009 baseline is a key assumption that is used for projecting future FFS costs. As expansions occur during the study period, the baseline would need to be recalibrated, introducing more variance to study.
2. Credibility: when coverage is expanded into a new area, a year or more may be necessary for the experience to be credible.
3. Program Maturity: when managed care organizations begin servicing members in a new region, it takes time for the program to mature and start realizing savings.

The major service carve-ins, including pharmacy in STAR and STAR+PLUS, inpatient services in STAR+PLUS, and dental are included in this study.

Methodology

In order to assess the cost impact, we first analyzed the change in managed care per member per month (PMPM) capitation costs from a base year through SFY 2015. We did this analysis separately for cohorts within STAR and STAR+PLUS. We split the year-over-year changes in capitation rates to various components, as follow:

- Mix change, including distribution of members by risk group and SDA;
- Program changes, excluding the managed care savings discounts applied in pricing;
- Administrative changes;
- Trend;

Mix change was calculated by comparing the weighted average costs based on the actual membership mix by risk group and SDA to the average costs weighted by the prior year membership mix. Program change impacts were estimated based on the program change factors integrated into the capitation rate developments. Administrative cost changes were determined by comparing the priced loss ratios from one period to the next. We assumed the remaining cost change was attributable to implied trend, as described in the Exhibit 5 section of Cost Impact Results. The implied trend is influenced by not only the trend assumptions used in the capitation rate development but also the resetting of the experience base each year. Note that program changes and administrative costs were calculated directly from the actuarial memoranda and are assumed to be accurate. The analysis includes only capitation payments and does not

adjust for experience rebates, which could increase the savings. Based on data from recent years, we would not expect these rebates to materially increase the overall savings results.

We then developed equivalent FFS estimates for each year to compare to the managed care costs. The base year was SFY2009 for the medical projections and the second half of SFY2012 for the pharmacy and acute inpatient projections. In the base year, we set FFS equivalent costs to the managed care capitation rates. As a condition for managed care implementation, capitation rates (medical costs plus administrative costs) must be equal or less than the claims would have been in a FFS environment. Given the maturity of the programs in the SDAs analyzed, we are assuming that that condition was met in SFY2009. The SDAs in the analysis have all been in managed care since at least SFY2007, and some for many years prior.

For SFY2010 to SFY2015, we projected FFS proxy costs by applying the same mix change and program change impact factors from the managed care analysis, and an annual trend rate appropriate for the type of service (acute vs. LTSS). The development of the trend assumption is described in more detail below.

The total cost impact was calculated as the difference between the managed care medical costs and the theoretical FFS medical costs. This cost difference represents federal and state funds. We then calculated the state general revenue impact by subtracting the federal match, and adding a premium tax impact component.

The final step was to extrapolate the savings through SFY2018. This was accomplished by trending the average members and holding the capitation PMPM constant. When determining the best method to project savings for this population, we analyzed the membership, capitation rates, and pricing assumptions for patterns that may persist into future periods. In doing so we noticed that membership is the only metric showing a consistent trend (increasing). The capitation rates tend to be more erratic due to the net impact of program changes, mix changes, and ongoing expansions taken into consideration during pricing. The projected FFS costs were determined by projecting the All Funds Cost Impact % as an indicator of future savings. Except for STAR+PLUS Acute non-Inpatient, a weighted average over the historical savings for each cohort was determined and carried forward through SFY2018. This method reduces subjectivity for the future year savings. For STAR+PLUS Acute non-Inpatient the SFY2015 All Funds Cost Impact % was applied to future years. This was determined to be an appropriate divergence from the other method due to the clear trend towards savings for this cohort.

Sensitivities were run on the major assumptions in this study. The range of results provided were determined by assuming a 1% variance (positive and negative) in annual FFS trends for each cohort.

Data and Key Assumptions

The primary data sources used for the analysis were the annual actuarial rate memoranda. These formed consistent and publicly available sources of information.

Trends used to project FFS costs each year were determined on a product and service category basis. In October 2013, S&P Dow Jones Indices (S&P DJI) launched the S&P Healthcare Claims Indices. This index series is designed to provide an independent, timely measure of the changes in healthcare expenditures and utilization for individuals enrolled in commercial health insurance plans in the United States. They track healthcare trends across various commercial lines of business by geographic region, state, and select metropolitan areas. These trends are indicative of FFS trends in Texas, so we used them as a basis for the trends on STAR Medical and STAR+PLUS Acute. The state sets Medicaid payment schedules that typically increase at a slower rate than commercial FFS costs, so we have reduced the S&P Healthcare trends by 1% - 2% each year.

STAR+PLUS Long Term Care trends were set at 4% annually. This was determined as an appropriate rate following research of numerous sources: Milliman's Health Cost Guidelines, and Genworth's Long Term Care Study.²

² <https://www.genworth.com/dam/Americas/US/PDFs/Consumer/corporate/Texas-040114.pdf>

The assumed annual trend rates utilized in the initial Pharmacy carve-in actuarial memorandum (effective March 1, 2012) were used to further project the comparative FFS Pharmacy costs for STAR and STAR+PLUS. The rating period trend assumptions equal one-sixth of the actual SFY2009 trend plus two-sixths of the actual SFY2010 trend plus three-sixths of the actual SFY2011 trend. This formula was used in developing the trend assumptions for all programs and risk groups, then a weighted average was developed for each program. This resulted in an annual trend of 2.4% for STAR Pharmacy, and 3.9% for STAR+PLUS Pharmacy.

The dental trends were set at 5% a year for both dental and orthodontia. This is consistent with the most recent trends included in the actuarial memos.

CONCLUSIONS

Based on the analysis outlined in this report, we estimate that the managed care organizations servicing STAR, STAR+PLUS and the Texas Medicaid Dental programs have saved the state between 9.4% and 14.3% annually when compared to a fee-for-service arrangement over the period from SFY2010 to SFY2015. We are projecting similar savings for SFY2016 through SFY2018 based on that historical experience. As outlined in this report, each program studied is either providing annual savings, or is expected to in the near future.

Exhibit 1a
Texas Association of Health Plans
STAR and STAR+PLUS - through SFY2015
Managed Care Cost Impact by Cohort (Dollars in Millions)

Cohort	Details	Savings Period	Total Program				State Share of		State Share of	
			Expense	Projected FFS Cost	All Funds Impact	%	Program Expense	Projected FFS Cost	State Budget Impact	%
Total - Study Population	Exhibit 2	SFY10 - SFY15	\$44,112	\$47,903	(\$3,791)	-7.9%	\$17,705	\$19,730	(\$2,025)	-10.2%
Subtotal - STAR	Exhibit 3	SFY10 - SFY15	\$28,091	\$30,197	(\$2,106)	-7.0%	\$11,268	\$12,428	(\$1,160)	-9.3%
Subtotal - STAR+PLUS	Exhibit 4	SFY10 - SFY15	\$12,198	\$12,364	(\$166)	-1.3%	\$4,898	\$5,093	(\$195)	-3.8%
Subtotal - Dental	Exhibit 5	SFY13 - SFY15	\$3,823	\$5,342	(\$1,519)	-28.4%	\$1,538	\$2,208	(\$670)	-30.2%
STAR Medical	Exhibit 6a	SFY10 - SFY15	\$24,334	\$26,400	(\$2,066)	-7.8%	\$9,753	\$10,857	(\$1,104)	-10.1%
STAR Pharmacy	Exhibit 6b	SFY13 - SFY15	\$3,757	\$3,797	(\$40)	-1.1%	\$1,515	\$1,571	(\$56)	-3.5%
STAR+PLUS LTSS	Exhibit 6c	SFY10 - SFY15	\$4,705	\$4,877	(\$172)	-3.5%	\$1,888	\$2,005	(\$117)	-5.8%
STAR+PLUS Acute (Non-Inpatient)	Exhibit 6d	SFY10 - SFY15	\$3,196	\$3,082	\$114	3.7%	\$1,279	\$1,267	\$12	1.0%
STAR+PLUS Acute (Inpatient)	Exhibit 6e	SFY13 - SFY15	\$1,540	\$1,373	\$219	16.0%	\$641	\$567	\$74	13.0%
STAR+PLUS Pharmacy	Exhibit 6f	SFY13 - SFY15	\$2,705	\$3,032	(\$327)	-10.8%	\$1,091	\$1,254	(\$163)	-13.0%

NOTES: Projected Membership and Costs were used for SFY2014 - SFY2015. Actuals were used for prior years.

STAR Medical includes all SDA's that were in managed care as of SFY2009 (Bexar, Dallas, El Paso, Harris, Lubbock, Nueces, Tarrant, Travis).

STAR+PLUS Acute (Non-Inpatient) and LTSS Analysis includes all SDA's that were in managed care as of SFY2009 (Bexar, Harris, Nueces, Travis).

STAR+PLUS Acute (Inpatient) Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis.

Pharmacy Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis, MRSA Central, MRSA NE, MRSA West.

Pharmacy Program Carved-In on 3/1/2012

Pharmacy Data begins in SFY13; one year after carve-in for baseline purposes

Acute Inpatient Program Carved-In on 3/1/2012

Acute Inpatient Data begins in SFY13; one year after carve-in for baseline purposes

Negative cost impacts and cost impact %'s represent savings.

Dental Program Began on 3/1/2012

Exhibit 1b
Texas Association of Health Plans
STAR and STAR+PLUS - through SFY2018
Managed Care Cost Impact by Cohort (Dollars in Millions)

Cohort	Details	Savings Period	Total Program				State Share of		State Share of	
			Expense	Projected FFS Cost	All Funds Impact	%	Program Expense	Projected FFS Cost	State Budget Impact	%
Total - Study Population	Exhibit 2	SFY10 - SFY18	\$78,765	\$85,873	(\$7,108)	-8.3%	\$31,906	\$35,677	(\$3,771)	-10.5%
Subtotal - STAR	Exhibit 3	SFY10 - SFY18	\$49,571	\$53,134	(\$3,563)	-6.7%	\$20,074	\$22,062	(\$1,988)	-9.0%
Subtotal - STAR+PLUS	Exhibit 4	SFY10 - SFY18	\$21,648	\$22,195	(\$547)	-2.5%	\$8,771	\$9,222	(\$451)	-4.9%
Subtotal - Dental	Exhibit 5	SFY13 - SFY18	\$7,546	\$10,544	(\$2,998)	-28.4%	\$3,063	\$4,393	(\$1,330)	-30.2%
STAR Medical	Exhibit 6a	SFY10 - SFY18	\$40,888	\$44,359	(\$3,471)	-7.8%	\$16,538	\$18,400	(\$1,862)	-10.1%
STAR Pharmacy	Exhibit 6b	SFY13 - SFY18	\$8,683	\$8,775	(\$92)	-1.0%	\$3,534	\$3,662	(\$128)	-3.4%
STAR+PLUS LTSS	Exhibit 6c	SFY10 - SFY18	\$7,628	\$7,908	(\$280)	-3.5%	\$3,085	\$3,278	(\$193)	-5.9%
STAR+PLUS Acute (Non-Inpatient)	Exhibit 6d	SFY10 - SFY18	\$4,925	\$4,962	(\$37)	-0.7%	\$1,986	\$2,056	(\$70)	-2.7%
STAR+PLUS Acute (Inpatient)	Exhibit 6e	SFY13 - SFY18	\$3,310	\$2,899	\$463	16.0%	\$1,366	\$1,208	\$158	13.1%
STAR+PLUS Pharmacy	Exhibit 6f	SFY13 - SFY18	\$5,733	\$6,426	(\$693)	-10.8%	\$2,332	\$2,680	(\$348)	-13.0%

NOTES: Projected Membership and Costs were used for SFY2014 - SFY2018. Actuals were used for prior years.

STAR Medical includes all SDA's that were in managed care as of SFY2009 (Bexar, Dallas, El Paso, Harris, Lubbock, Nueces, Tarrant, Travis).

STAR+PLUS Acute (Non-Inpatient) and LTSS Analysis includes all SDA's that were in managed care as of SFY2009 (Bexar, Harris, Nueces, Travis).

STAR+PLUS Acute (Inpatient) Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis.

Pharmacy Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis, MRSA Central, MRSA NE, MRSA West.

Pharmacy Program Carved-In on 3/1/2012

Pharmacy Data begins in SFY13; one year after carve-in for baseline purposes

Acute Inpatient Program Carved-In on 3/1/2012

Acute Inpatient Data begins in SFY13; one year after carve-in for baseline purposes

Negative cost impacts and cost impact %'s represent savings.

Dental Program Began on 3/1/2012

Exhibit 2
Texas Association of Health Plans
STAR, STAR+PLUS, and Dental
Managed Care Cost Impact

Savings Calculation (Dollars in Millions)									
Plan Year	Managed Care Expenses	Projected FFS Cost	All Funds Cost Impact	All Funds Cost Impact %	FMAP	State Share of All Funds Cost Impact	Federal Share of Premium Tax	Total Impact to State Budget	State Impact %
(formula)	(A)	(B)	(C) = A - B	(D) = C / B	(E)	(F) = D x (1-E)	(G) = A x E x 1.75%	(H) = F - G	(I) = H / [B x (1-E)]
SFY10	\$4,618	\$4,869	(\$251)	-5.2%	58.73%	(\$104)	\$47	(\$151)	-7.5%
SFY11	\$5,107	\$5,197	(\$90)	-1.7%	60.56%	(\$35)	\$54	(\$89)	-4.3%
SFY12	\$5,279	\$5,673	(\$394)	-6.9%	58.22%	(\$165)	\$54	(\$219)	-9.2%
SFY13	\$9,132	\$9,959	(\$827)	-8.3%	59.30%	(\$337)	\$95	(\$432)	-10.7%
SFY14	\$9,772	\$10,592	(\$820)	-7.7%	58.69%	(\$339)	\$100	(\$439)	-10.0%
SFY15	\$10,204	\$11,613	(\$1,409)	-12.1%	58.05%	(\$591)	\$104	(\$695)	-14.3%
SFY16	\$10,843	\$11,902	(\$1,059)	-8.9%	58.00%	(\$445)	\$110	(\$555)	-11.1%
SFY17	\$11,532	\$12,636	(\$1,104)	-8.7%	58.00%	(\$464)	\$117	(\$581)	-10.9%
SFY18	\$12,278	\$13,432	(\$1,154)	-8.6%	58.00%	(\$485)	\$125	(\$610)	-10.8%
Total	\$78,765	\$85,873	(\$7,108)	-8.3%	58.29%	(\$2,965)	\$806	(\$3,771)	-10.5%
Through SFY15	\$44,112	\$47,903	(\$3,791)	-7.9%	58.56%	(\$1,571)	\$454	(\$2,025)	-10.2%

NOTES: Projected Membership and Costs were used for SFY2014 - SFY2018. Actuals were used for prior years.

STAR Medical includes all SDA's that were in managed care as of SFY2009 (Bexar, Dallas, El Paso, Harris, Lubbock, Nueces, Tarrant, Travis).

STAR+PLUS Acute (Non-Inpatient) and LTSS Analysis includes all SDA's that were in managed care as of SFY2009 (Bexar, Harris, Nueces, Travis).

STAR+PLUS Acute (Inpatient) Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis.

Pharmacy Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis, MRSA Central, MRSA NE, MRSA West.

Pharmacy Program Carved-In on 3/1/2012

Pharmacy Data begins in SFY13; one year after carve-in for baseline purposes

Acute Inpatient Program Carved-In on 3/1/2012

Acute Inpatient Data begins in SFY13; one year after carve-in for baseline purposes

Negative cost impacts and cost impact %'s represent savings.

Dental Program Began on 3/1/2012

Exhibit 3
Texas Association of Health Plans
STAR - Medical and Pharmacy
Managed Care Cost Impact

Savings Calculation (Dollars in Millions)										
Plan Year	Average Members	STAR Expenses	Projected FFS Cost	All Funds Cost Impact	All Funds Cost Impact %	FMAP	State Share of All Funds Cost Impact	Federal Share of Premium Tax	Total Impact to State Budget	State Impact %
(formula)	(A)	(B)	(C)	(D) = B - C	(E) = D / C	(F)	(G) = E x (1-F)	(H) = B x F x 1.75%	(I) = G - H	(J) = I / [C x (1-F)]
SFY10	1,372,474	\$3,481	\$3,756	(\$275)	-7.3%	58.73%	(\$113)	\$36	(\$149)	-9.6%
SFY11	1,560,068	\$3,880	\$3,974	(\$94)	-2.4%	60.56%	(\$37)	\$41	(\$78)	-5.0%
SFY12	1,693,089	\$4,019	\$4,414	(\$395)	-8.9%	58.22%	(\$165)	\$41	(\$206)	-11.2%
SFY13	1,722,188	\$5,035	\$5,437	(\$402)	-7.4%	59.30%	(\$164)	\$52	(\$216)	-9.8%
SFY14	1,919,422	\$5,675	\$6,002	(\$327)	-5.4%	58.69%	(\$135)	\$58	(\$193)	-7.8%
SFY15	2,170,424	\$6,001	\$6,614	(\$613)	-9.3%	58.05%	(\$257)	\$61	(\$318)	-11.5%
SFY16	2,369,516	\$6,547	\$6,991	(\$444)	-6.4%	58.00%	(\$186)	\$66	(\$252)	-8.6%
SFY17	2,587,149	\$7,142	\$7,626	(\$484)	-6.3%	58.00%	(\$203)	\$72	(\$275)	-8.6%
SFY18	2,824,523	\$7,791	\$8,320	(\$529)	-6.4%	58.00%	(\$222)	\$79	(\$301)	-8.6%
Total	18,218,854	\$49,571	\$53,134	(\$3,563)	-6.7%	58.41%	(\$1,482)	\$506	(\$1,988)	-9.0%
Through SFY15	10,437,666	\$28,091	\$30,197	(\$2,106)	-7.0%	58.64%	(\$871)	\$289	(\$1,160)	-9.3%

NOTES: Projected Membership and Costs were used for SFY2014 - SFY2018. Actuals were used for prior years.

Medical Analysis includes all SDA's that were in managed care as of SFY2009 (Bexar, Dallas, El Paso, Harris, Lubbock, Nueces, Tarrant, Travis).

Pharmacy Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis, MRSA Central, MRSA NE, MRSA West.

Pharmacy Program Carved-In on 3/1/2012

Pharmacy Data begins in SFY13; one year after carve-in for baseline purposes

Negative cost impacts and cost impact %'s represent savings.

Exhibit 4
Texas Association of Health Plans
STAR+PLUS - Medical and Pharmacy
Managed Care Cost Impact

Savings Calculation (Dollars in Millions)										
Plan Year	Average Members	STAR+PLUS Expenses	Projected FFS Cost	All Funds Cost Impact	All Funds Cost Impact %	FMAP	State Share of All Funds Cost Impact	Federal Share of Premium Tax	Total Impact to State Budget	State Impact %
(formula)	(A)	(B)	(C)	(D) = B - C	(E) = D / C	(F)	(G) = E x (1-F)	(H) = B x F x 1.75%	(I) = G - H	(J) = I / [C x (1-F)]
SFY10	171,077	\$1,137	\$1,113	\$24	2.2%	58.73%	\$10	\$12	(\$2)	-0.4%
SFY11	176,474	\$1,227	\$1,223	\$4	0.3%	60.56%	\$2	\$13	(\$11)	-2.3%
SFY12	182,764	\$1,260	\$1,259	\$1	0.1%	58.22%		\$13	(\$13)	-2.5%
SFY13	189,292	\$2,685	\$2,751	(\$66)	-2.4%	59.30%	(\$27)	\$28	(\$55)	-4.9%
SFY14	196,629	\$2,919	\$2,904	\$15	0.5%	58.69%	\$6	\$30	(\$24)	-2.0%
SFY15	199,040	\$2,970	\$3,114	(\$144)	-4.6%	58.05%	(\$60)	\$30	(\$90)	-6.9%
SFY16	204,798	\$3,059	\$3,183	(\$124)	-3.9%	58.00%	(\$52)	\$31	(\$83)	-6.2%
SFY17	210,637	\$3,149	\$3,276	(\$127)	-3.9%	58.00%	(\$53)	\$32	(\$85)	-6.2%
SFY18	216,692	\$3,242	\$3,372	(\$130)	-3.9%	58.00%	(\$55)	\$33	(\$88)	-6.2%
Total	1,747,403	\$21,648	\$22,195	(\$547)	-2.5%	58.14%	(\$229)	\$222	(\$451)	-4.9%
Through SFY15	1,115,276	\$12,198	\$12,364	(\$166)	-1.3%	58.43%	(\$69)	\$126	(\$195)	-3.8%

NOTES: Projected Membership and Costs were used for SFY2014 - SFY2018. Actuals were used for prior years.

LTSS and Acute (Non-IP) Analysis includes all SDA's that were in managed care as of SFY2009 (Bexar, Harris, Nueces, Travis).

Acute Inpatient Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis.

Pharmacy Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis, MRSA Central, MRSA NE, MRSA West.

Pharmacy Program Carved-In on 3/1/2012

Pharmacy Data begins in SFY13; one year after carve-in for baseline purposes

Acute Inpatient Program Carved-In on 3/1/2012

Acute Inpatient Data begins in SFY13; one year after carve-in for baseline purposes

Negative cost impacts and cost impact %'s represent savings.

Exhibit 5
Texas Association of Health Plans
Medicaid Dental Program
Managed Care Cost Impact

Managed Care Experience				
Plan Year	Average Members	Claims PMPM	Capitation PMPM	Implied Trend
(formula)	(A)	(B)	(C)	(D)
SFY12	2,889,221	\$ 37.67	\$ 46.71	
SFY13	2,961,974	\$ 30.49	\$ 39.73	-15.8%
SFY14	2,716,221	\$ 33.00	\$ 36.13	-8.2%
SFY15	2,884,287	\$ 32.51	\$ 35.62	-1.6%

Projected FFS			
Projected Cost PMPM	Mix	Projection Factors Program	Trend
(E)	(F)	(G)	(H)
\$ 46.71	1.022	0.994	1.050
\$ 49.82	1.002	0.987	1.050
\$ 51.74	0.998	1.004	1.050
\$ 54.46			

Savings Calculation (Dollars in Millions)									
Plan Year	Dental Expenses	Projected FFS Cost	All Funds		FMAP	State Share of All Funds Cost Impact	Federal Share of Premium Tax	Total Impact to State	
			All Funds Cost Impact	Cost Impact %				Budget	State Impact %
(formula)	(I) = A x C x 12	(J) = A x E x 12	(K) = I - J	(L) = K / J	(M)	(N) = K x (1-M)	(O) = I x M x 1.75%	(P) = N - O	(Q) = P / [J x (1-M)]
SFY13	\$1,412	\$1,771	(\$359)	-25.4%	59.30%	(\$146)	\$15	(\$161)	-22.3%
SFY14	\$1,178	\$1,686	(\$508)	-43.1%	58.69%	(\$210)	\$12	(\$222)	-31.9%
SFY15	\$1,233	\$1,885	(\$652)	-52.9%	58.05%	(\$274)	\$13	(\$287)	-36.3%
SFY16	\$1,237	\$1,728	(\$491)	-28.4%	58.00%	(\$206)	\$13	(\$219)	-30.2%
SFY17	\$1,241	\$1,734	(\$493)	-28.4%	58.00%	(\$207)	\$13	(\$220)	-30.2%
SFY18	\$1,245	\$1,740	(\$495)	-28.4%	58.00%	(\$208)	\$13	(\$221)	-30.2%
Total	\$7,546	\$10,544	(\$2,998)	-28.4%	58.27%	(\$1,251)	\$79	(\$1,330)	-30.2%
Through SFY15	\$3,823	\$5,342	(\$1,519)	-28.4%	58.53%	(\$630)	\$40	(\$670)	-30.2%

NOTES: Projected Membership used for all years.
 Negative cost impacts and cost impact %'s represent savings.
 Program Began on 3/1/2012
 SFY12 Claims PMPM 3/1/2012 - 8/31/2012
 SFY13 Claims PMPM 9/1/2012 - 8/31/2013
 SFY14 Claims PMPM 9/1/2013 - 8/31/2014
 SFY15 Claims PMPM 9/1/2014 - 8/31/2015

Exhibit 6a
Texas Association of Health Plans
STAR - Medical
Managed Care Cost Impact

Managed Care Experience				
Plan Year	Average Members	Claims PMPM	Capitation PMPM	Implied Trend
(formula)	(A)	(B)	(C)	(D)
SFY09	1,166,624	\$ 176.87	\$ 226.03	
SFY10	1,372,474	\$ 172.14	\$ 211.35	-1.8%
SFY11	1,560,068	\$ 158.91	\$ 207.26	9.6%
SFY12	1,693,089	\$ 156.27	\$ 197.80	-1.3%
SFY13	1,722,188	\$ 159.56	\$ 189.62	-0.6%
SFY14	1,919,422	\$ 161.56	\$ 191.80	6.4%
SFY15	2,170,424	\$ 145.39	\$ 177.29	-2.1%

Projected FFS			
Projected Cost PMPM	Mix	Projection Factors Program	Trend
(E)	(F)	(G)	(H)
\$ 226.03	0.949	1.009	1.053
\$ 228.04	0.946	0.961	1.024
\$ 212.28	1.028	0.953	1.045
\$ 217.24	0.969	0.992	1.010
\$ 210.80	0.975	0.982	1.021
\$ 206.13	0.940	0.995	1.025
\$ 197.77			

Savings Calculation (Dollars in Millions)										
Plan Year	STAR Medical		All Funds			State Share of All Funds Cost Impact	Federal Share of Premium Tax	Total Impact to State		State Impact %
	Expenses	Projected FFS Cost	All Funds Cost Impact	Cost Impact %	FMAP			Budget		
(formula)	(I) = A x C x 12	(J) = A x E x 12	(K) = I - J	(L) = K / J	(M)	(N) = K x (1-M)	(O) = I x M x 1.75%	(P) = N - O	(Q) = P / [J x (1-M)]	
SFY10	\$3,481	\$3,756	(\$275)	-7.3%	58.73%	(\$113)	\$36	(\$149)	-9.6%	
SFY11	\$3,880	\$3,974	(\$94)	-2.4%	60.56%	(\$37)	\$41	(\$78)	-5.0%	
SFY12	\$4,019	\$4,414	(\$395)	-8.9%	58.22%	(\$165)	\$41	(\$206)	-11.2%	
SFY13	\$3,919	\$4,357	(\$438)	-10.1%	59.30%	(\$178)	\$41	(\$219)	-12.3%	
SFY14	\$4,418	\$4,748	(\$330)	-7.0%	58.69%	(\$136)	\$45	(\$181)	-9.2%	
SFY15	\$4,617	\$5,151	(\$534)	-10.4%	58.05%	(\$224)	\$47	(\$271)	-12.5%	
SFY16	\$5,041	\$5,469	(\$428)	-7.8%	58.00%	(\$180)	\$51	(\$231)	-10.1%	
SFY17	\$5,504	\$5,971	(\$467)	-7.8%	58.00%	(\$196)	\$56	(\$252)	-10.0%	
SFY18	\$6,009	\$6,519	(\$510)	-7.8%	58.00%	(\$214)	\$61	(\$275)	-10.0%	
Total	\$40,888	\$44,359	(\$3,471)	-7.8%	58.43%	(\$1,443)	\$419	(\$1,862)	-10.1%	
Through SFY15	\$24,334	\$26,400	(\$2,066)	-7.8%	58.71%	(\$853)	\$251	(\$1,104)	-10.1%	

NOTES: Projected Membership and Costs were used for SFY2014 - SFY2018. Actuals were used for prior years.
 Medical Analysis includes all SDA's that were in managed care as of SFY2009 (Bexar, Dallas, El Paso, Harris, Lubbock, Nueces, Tarrant, Travis).
 Negative cost impacts and cost impact %'s represent savings.
 Pharmacy costs excluded.

Exhibit 6b
Texas Association of Health Plans
STAR - Pharmacy
Managed Care Cost Impact

Managed Care Experience				
Plan Year	Average Members	Claims PMPM	Capitation PMPM	Implied Trend
(formula)	(A)	(B)	(C)	(D)
SFY12	2,480,190	\$ 33.32	\$ 34.98	
SFY13	2,484,118	\$ 31.99	\$ 37.44	5.6%
SFY14	2,780,141	\$ 34.47	\$ 37.68	-0.7%
SFY15	3,136,415	\$ 33.60	\$ 36.78	-3.3%

Projected FFS			
Projected Cost PMPM	Mix	Projection Factors Program	Trend
(E)	(F)	(G)	(H)
\$ 34.98	1.005	1.006	1.024
\$ 36.22	1.004	1.009	1.024
\$ 37.58	1.000	1.010	1.024
\$ 38.88			

Savings Calculation (Dollars in Millions)									
Plan Year	STAR Pharmacy		All Funds			State Share of All Funds Cost Impact	Federal Share of Premium Tax	Total Impact to State	
	Expenses	Projected FFS Cost	All Funds Cost Impact	Cost Impact %	FMAP			Budget	State Impact %
(formula)	(I) = A x C x 12	(J) = A x E x 12	(K) = I - J	(L) = K / J	(M)	(N) = K x (1-M)	(O) = I x M x 1.75%	(P) = N - O	(Q) = P / [J x (1-M)]
SFY13	\$1,116	\$1,080	\$36	3.3%	59.30%	\$15	\$12	\$3	0.7%
SFY14	\$1,257	\$1,254	\$3	0.2%	58.69%	\$1	\$13	(\$12)	-2.3%
SFY15	\$1,384	\$1,463	(\$79)	-5.4%	58.05%	(\$33)	\$14	(\$47)	-7.7%
SFY16	\$1,506	\$1,522	(\$16)	-1.1%	58.00%	(\$7)	\$15	(\$22)	-3.4%
SFY17	\$1,638	\$1,655	(\$17)	-1.1%	58.00%	(\$7)	\$17	(\$24)	-3.5%
SFY18	\$1,782	\$1,801	(\$19)	-1.1%	58.00%	(\$8)	\$18	(\$26)	-3.4%
Total	\$8,683	\$8,775	(\$92)	-1.0%	57.61%	(\$39)	\$89	(\$128)	-3.4%
Through SFY15	\$3,757	\$3,797	(\$40)	-1.1%	57.50%	(\$17)	\$39	(\$56)	-3.5%

NOTES: Projected Membership and Costs were used for SFY2014 - SFY2018. Actuals were used for prior years.
 Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis, MRSA Central, MRSA NE, MRSA West.
 Negative cost impacts and cost impact %'s represent savings.
 Program Carved-In on 3/1/2012
 Medical Cost Excluded

Exhibit 6c
Texas Association of Health Plans
STAR+PLUS - Long Term Services and Supports
Managed Care Cost Impact

Managed Care Experience				
Plan Year	Average Members	Claims PMPM	Capitation PMPM	Implied Trend
(formula)	(A)	(B)	(C)	(D)
SFY09	159,969	\$ 224.04	\$ 285.71	
SFY10	171,077	\$ 258.24	\$ 319.29	10.2%
SFY11	176,474	\$ 280.42	\$ 323.82	-4.6%
SFY12	182,764	\$ 296.11	\$ 329.11	3.8%
SFY13	189,292	\$ 291.67	\$ 354.89	5.3%
SFY14	196,629	\$ 327.93	\$ 388.09	9.1%
SFY15	199,040	\$ 323.09	\$ 385.34	-3.2%

Projected FFS			
Projected Cost PMPM	Mix	Projection Factors Program	Trend
(E)	(F)	(G)	(H)
\$ 285.71	1.070	1.001	1.040
\$ 318.19	1.030	1.028	1.040
\$ 350.46	0.990	0.973	1.040
\$ 351.21	0.994	1.024	1.040
\$ 371.49	0.992	0.996	1.040
\$ 381.74	1.009	1.011	1.040
\$ 405.03			

Savings Calculation (Dollars in Millions)										
Plan Year	STAR+PLUS LTSS		All Funds			State Share of All Funds Cost Impact	Federal Share of Premium Tax	Total Impact to State		State Impact %
	Expenses	Projected FFS Cost	All Funds Cost Impact	Cost Impact %	FMAP			Budget		
(formula)	(I) = A x C x 12	(J) = A x E x 12	(K) = I - J	(L) = K / J	(M)	(N) = K x (1-M)	(O) = I x M x 1.75%	(P) = N - O	(Q) = P / [J x (1-M)]	
SFY10	\$655	\$653	\$2	0.3%	58.73%	\$1	\$7	(\$6)	-2.2%	
SFY11	\$686	\$742	(\$56)	-7.5%	60.56%	(\$22)	\$7	(\$29)	-9.9%	
SFY12	\$722	\$770	(\$48)	-6.2%	58.22%	(\$20)	\$7	(\$27)	-8.4%	
SFY13	\$806	\$844	(\$38)	-4.5%	59.30%	(\$15)	\$8	(\$23)	-6.7%	
SFY14	\$916	\$901	\$15	1.7%	58.69%	\$6	\$9	(\$3)	-0.8%	
SFY15	\$920	\$967	(\$47)	-4.9%	58.05%	(\$20)	\$9	(\$29)	-7.1%	
SFY16	\$947	\$982	(\$35)	-3.5%	58.00%	(\$15)	\$10	(\$25)	-6.1%	
SFY17	\$974	\$1,010	(\$36)	-3.5%	58.00%	(\$15)	\$10	(\$25)	-5.9%	
SFY18	\$1,002	\$1,039	(\$37)	-3.5%	58.00%	(\$16)	\$10	(\$26)	-6.0%	
Total	\$7,628	\$7,908	(\$280)	-3.5%	58.57%	(\$116)	\$77	(\$193)	-5.9%	
Through SFY15	\$4,705	\$4,877	(\$172)	-3.5%	59.30%	(\$70)	\$47	(\$117)	-5.8%	

NOTES: Projected Membership and Costs were used for SFY2014 - SFY2018. Actuals were used for prior years.
 Analysis includes all SDA's that were in managed care as of SFY2009 (Bexar, Harris, Nueces, Travis).
 Negative cost impacts and cost impact %'s represent savings.

Exhibit 6d
Texas Association of Health Plans
STAR+PLUS - Acute (Non-Inpatient)
Managed Care Cost Impact

Managed Care Experience				
Plan Year	Average Members	Claims PMPM	Capitation PMPM	Implied Trend
(formula)	(A)	(B)	(C)	(D)
SFY09	74,810	\$ 401.88	\$ 440.87	
SFY10	80,553	\$ 429.65	\$ 498.74	1.7%
SFY11	83,146	\$ 433.26	\$ 542.59	11.7%
SFY12	87,233	\$ 403.38	\$ 514.05	2.9%
SFY13	91,096	\$ 381.73	\$ 511.71	-1.3%
SFY14	96,590	\$ 406.50	\$ 464.59	-5.0%
SFY15	96,711	\$ 405.77	\$ 463.40	-4.3%

Projected FFS			
Projected Cost PMPM	Mix	Projection Factors Program	Trend
(E)	(F)	(G)	(H)
\$ 440.87	1.025	1.001	1.053
\$ 476.20	1.013	0.976	1.024
\$ 482.13	0.997	0.930	1.045
\$ 467.29	0.999	1.011	1.010
\$ 476.34	0.998	0.970	1.021
\$ 470.69	1.004	1.039	1.026
\$ 503.76			

Savings Calculation (Dollars in Millions)										
Plan Year	STAR+PLUS Acute (Non-Inpatient)	All Funds								
	Expenses	Projected FFS Cost	All Funds Cost Impact	Cost Impact %	FMAP	State Share of All Funds Cost Impact	Federal Share of Premium Tax	Total Impact to State Budget	State Impact %	
(formula)	(I) = A x C x 12	(J) = A x E x 12	(K) = I - J	(L) = K / J	(M)	(N) = K x (1-M)	(O) = I x M x 1.75%	(P) = N - O	(Q) = P / [J x (1-M)]	
SFY10	\$482	\$460	\$22	4.8%	58.73%	\$9	\$5	\$4	2.1%	
SFY11	\$541	\$481	\$60	12.5%	60.56%	\$24	\$6	\$18	9.5%	
SFY12	\$538	\$489	\$49	10.0%	58.22%	\$20	\$5	\$15	7.3%	
SFY13	\$559	\$521	\$38	7.3%	59.30%	\$15	\$6	\$9	4.2%	
SFY14	\$538	\$546	(\$8)	-1.5%	58.69%	(\$3)	\$6	(\$9)	-4.0%	
SFY15	\$538	\$585	(\$47)	-8.0%	58.05%	(\$20)	\$5	(\$25)	-10.2%	
SFY16	\$557	\$606	(\$49)	-8.0%	58.00%	(\$21)	\$6	(\$27)	-10.6%	
SFY17	\$576	\$626	(\$50)	-8.0%	58.00%	(\$21)	\$6	(\$27)	-10.3%	
SFY18	\$596	\$648	(\$52)	-8.0%	58.00%	(\$22)	\$6	(\$28)	-10.3%	
Total	\$4,925	\$4,962	(\$37)	-0.7%	48.65%	(\$19)	\$51	(\$70)	-2.7%	
Through SFY15	\$3,196	\$3,082	\$114	3.7%	60.53%	\$45	\$33	\$12	1.0%	

NOTES: Acute (Non-Inpatient) Membership Base is Medicaid Only; Does not include Dual Eligible.
 Projected Membership and Costs were used for SFY2014 - SFY2018. Actuals were used for prior years.
 Analysis includes all SDA's that were in managed care as of SFY2009 (Bexar, Harris, Nueces, Travis).
 Negative cost impacts and cost impact %'s represent savings.

Exhibit 6e
Texas Association of Health Plans
STAR+PLUS - Acute (Inpatient)
Managed Care Cost Impact

Managed Care Experience					
Plan Year	Average Members	Claims PMPM	Capitation PMPM	Adj. Capitation PMPM	Implied Trend
(formula)	(A)	(B)	(C)	(C')	(D)
SFY12	176,558	\$ 246.47	\$ 192.86	\$ 216.64	
SFY13	181,316	\$ 232.36	\$ 193.59	\$ 217.54	-2.2%
SFY14	192,233	\$ 222.16	\$ 244.47	\$ 244.47	34.2%
SFY15	193,214	\$ 216.55	\$ 239.49	\$ 239.49	-6.0%

Projected FFS			
Projected Cost PMPM	Mix	Projection Factors Program	Trend
(E)	(F)	(G)	(H)
\$ 216.64	1.003	1.001	1.010
\$ 219.67	0.997	0.841	1.021
\$ 188.18	1.008	1.032	1.016
\$ 198.74			

Savings Calculation (Dollars in Millions)											
Plan Year	STAR+PLUS Acute			All Funds			FMAP	State Share of All Funds Cost Impact	Federal Share of Premium Tax	Total Impact to State Budget	Impact to State Impact %
	STAR+PLUS Acute (Inpatient) Expenses	STAR+PLUS Acute (Inpatient) ADJUSTED Expenses	Projected FFS Cost	All Funds Cost Impact	All Funds Cost Impact %						
(formula)	(I) = A x C x 12	(I') = A x C' x 12	(J) = A x E x 12	(K) = I' - J	(L) = K / J	(M)	(N) = K x (1-M)	(O) = I x M x 1.75%	(P) = N - O	(Q) = P / [J x (1-M)]	
SFY13	\$421	\$473	\$478	(\$5)	-1.0%	59.30%	(\$2)	\$5	(\$7)	-3.6%	
SFY14	\$564	\$564	\$434	\$130	30.0%	58.69%	\$54	\$6	\$48	26.8%	
SFY15	\$555	\$555	\$461	\$94	20.4%	58.05%	\$39	\$6	\$33	17.1%	
SFY16	\$572	\$572	\$493	\$79	16.0%	58.00%	\$33	\$6	\$27	13.0%	
SFY17	\$590	\$590	\$509	\$81	16.0%	58.00%	\$34	\$6	\$28	13.1%	
SFY18	\$608	\$608	\$524	\$84	16.0%	58.00%	\$35	\$6	\$29	13.2%	
Total	\$3,310	\$3,362	\$2,899	\$463	16.0%	58.32%	\$193	\$35	\$158	13.1%	
Through SFY15	\$1,540	\$1,592	\$1,373	\$219	16.0%	58.45%	\$91	\$17	\$74	13.0%	

NOTES: Column C' has adjusted the premiums for the Spell of Illness impact that wasn't actually imposed until SFY2014
Acute (Inpatient) Membership Base is Medicaid Only; Does not include Dual Eligible.
Projected Membership and Costs were used for SFY2014 - SFY2018. Actuals were used for prior years.
Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis.
Negative cost impacts and cost impact %'s represent savings.
Program Carved-In on 3/1/2012

Exhibit 6f
Texas Association of Health Plans
STAR+PLUS - Pharmacy
Managed Care Cost Impact

Managed Care Experience				
Plan Year	Average Members	Claims PMPM	Capitation PMPM	Implied Trend
(formula)	(A)	(B)	(C)	(D)
SFY12	178,716	\$ 349.23	\$ 377.28	
SFY13	181,316	\$ 365.21	\$ 389.16	-3.2%
SFY14	192,233	\$ 374.28	\$ 390.73	-1.9%
SFY15	193,214	\$ 395.61	\$ 412.90	2.4%

Projected FFS			
Projected Cost PMPM	Mix	Projection Factors Program	Trend
(E)	(F)	(G)	(H)
\$ 377.28	1.002	1.063	1.039
\$ 417.35	0.998	1.025	1.039
\$ 443.54	1.004	1.026	1.039
\$ 474.66			

Savings Calculation (Dollars in Millions)										
Plan Year	STAR+PLUS		All Funds			State Share of All Funds Cost Impact	Federal Share of Premium Tax	Total Impact to State		State Impact %
	Pharmacy Expenses	Projected FFS Cost	All Funds Cost Impact	Cost Impact %	FMAP			Budget		
(formula)	(I) = A x C x 12	(J) = A x E x 12	(K) = I - J	(L) = K / J	(M)	(N) = K x (1-M)	(O) = I x M x 1.75%	(P) = N - O	(Q) = P / [J x (1-M)]	
SFY13	\$847	\$908	(\$61)	-6.7%	59.30%	(\$25)	\$9	(\$34)	-9.2%	
SFY14	\$901	\$1,023	(\$122)	-11.9%	58.69%	(\$50)	\$9	(\$59)	-14.0%	
SFY15	\$957	\$1,101	(\$144)	-13.1%	58.05%	(\$60)	\$10	(\$70)	-15.2%	
SFY16	\$983	\$1,102	(\$119)	-10.8%	58.00%	(\$50)	\$10	(\$60)	-13.0%	
SFY17	\$1,009	\$1,131	(\$122)	-10.8%	58.00%	(\$51)	\$10	(\$61)	-12.8%	
SFY18	\$1,036	\$1,161	(\$125)	-10.8%	58.00%	(\$53)	\$11	(\$64)	-13.1%	
Total	\$5,733	\$6,426	(\$693)	-10.8%	58.30%	(\$289)	\$59	(\$348)	-13.0%	
Through SFY15	\$2,705	\$3,032	(\$327)	-10.8%	58.72%	(\$135)	\$28	(\$163)	-13.0%	

NOTES: Projected Membership and Costs were used for SFY2014 - SFY2018. Actuals were used for prior years.
 Analysis includes the following SDA's: Bexar, Dallas, El Paso, Harris, Hidalgo, Jefferson, Lubbock, Nueces, Tarrant, Travis.
 Negative cost impacts and cost impact %'s represent savings.
 Medical Cost Excluded
 Program Carved-In on 3/1/2012