

MILLIMAN REPORT

# Texas Medicaid managed care financial results for Q3 SFY 2022

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## Table of Contents

<b>INTRODUCTION.....</b>	<b>1</b>
<b>MEMBERSHIP AND REVENUE.....</b>	<b>2</b>
<b>EXPENSE RATIOS AND UNDERWRITING MARGIN .....</b>	<b>3</b>
<b>MEDICAL IBNR ACCRUALS .....</b>	<b>8</b>
<b>CONCLUSIONS.....</b>	<b>10</b>
<b>LIMITATIONS AND DATA RELIANCE .....</b>	<b>10</b>
<b>QUALIFICATIONS.....</b>	<b>11</b>
<b>APPENDIX 1: TEXAS MANAGED CARE SDAS .....</b>	<b>12</b>
<b>APPENDIX 2: EXPENSE RATIOS BY SDA.....</b>	<b>13</b>
<b>APPENDIX 3: AGGREGATE COSTS FOR ALL PROGRAMS AND SFYS.....</b>	<b>18</b>

## Introduction

The Texas Health and Human Services Commission (HHSC) posts financial statistical reports (FSRs) for managed care organizations (MCOs) contracting with the state to provide benefits under its Medicaid and Children's Health Insurance Program (CHIP).<sup>1</sup> MCOs submit the FSRs and HHSC uploads them to its website quarterly. Each FSR includes data for one of five programs and one of 13 service delivery areas (SDAs). The programs are STAR, STAR Kids, STAR+PLUS, CHIP, and the Medicare-Medicaid Plan (MMP). HHSC uploads Part 1 of the FSR template, which is a summary income statement that includes member months, revenue items, and expense items by month for the current fiscal year. Each upload includes approximately 150 summary income statements for approximately 20 MCOs operating in the SDAs across the five programs.

Milliman has compiled the FSRs for state fiscal year (SFY) 2019, SFY 2020, SFY 2021, and the first to third quarters (Q1-Q3) of SFY 2022. In this report, we have summarized quarterly financial results by program. In the appendices, we have provided additional detail by SDA. A comparison of Q3 SFY 2022 with prior quarters provides insight into the impact of the COVID-19 pandemic, which began affecting enrollment and utilization patterns in March 2020 (the beginning of Q3 SFY 2020).

The Texas Medicaid program contains a tiered experience refund structure, called the experience rebate, that caps MCO annual profits reported in the FSRs and shares the remainder of profits with the state of Texas. The underwriting gains illustrated in this paper are before the experience rebate was considered. This analysis also does not include potential premium adjustments nor does it include more recent FSRs. As such, the results are incomplete and should not be relied upon to draw conclusions regarding ultimate experience or profitability.

Milliman has also analyzed quarterly results for Medicaid MCOs at the national level, based on National Association of Insurance Commissioners (NAIC) financial statements submitted to state insurance regulators. Results reported on NAIC statements can be different from those reported under contractually defined FSR accounting principles. This information can be found in the Milliman report "Medicaid Managed Care Financial Results for 2021."<sup>2</sup>

As background, the following are brief descriptions of the Medicaid and CHIP programs in the state of Texas:

- STAR provides traditional Medicaid services for low-income children, pregnant women, and families.
- STAR Kids covers children and adults 20 and younger with disabilities who qualify for federal Supplemental Security Income (SSI).
- STAR+PLUS covers adults over 20 who qualify for federal SSI (i.e., over 65, blind, or disabled). STAR+PLUS includes both acute care and long-term care coverage.
- CHIP expands Medicaid services for children up to 206% of the household federal poverty level (FPL).
- Medicare-Medicaid Plan (MMP) is a Centers for Medicare and Medicaid Services (CMS) demonstration project for plans that coordinate Medicare and Medicaid benefits for people who are dually eligible for both, integrating acute care and long-term services and supports. This demonstration will terminate by the end of calendar year (CY) 2025 as required by CMS, and HHSC released a transition plan for MCOs that wish to transfer their MMP memberships to dual-eligible special needs plans (D-SNPs).<sup>3</sup> MCOs interested in participating would have needed to alert CMS by February 2023 at the latest.

The state is on a fiscal year cycle from September to August, and the most recently available FSRs are through Q3 SFY 2022, or May 31, 2022. The results of this analysis will be updated as FSRs for additional quarters become available.

Caution must be used when comparing quarterly financial results because of the inherent volatility and nature of accruals in quarterly financial reporting. Please refer to the Limitations and Data Reliance section below for a discussion of considerations when interpreting the results.

<sup>1</sup> See <https://hhs.texas.gov/services/health/medicaid-chip/managed-care-contract-management/medicaid-chip-financial-statistical-reports> for the reports.

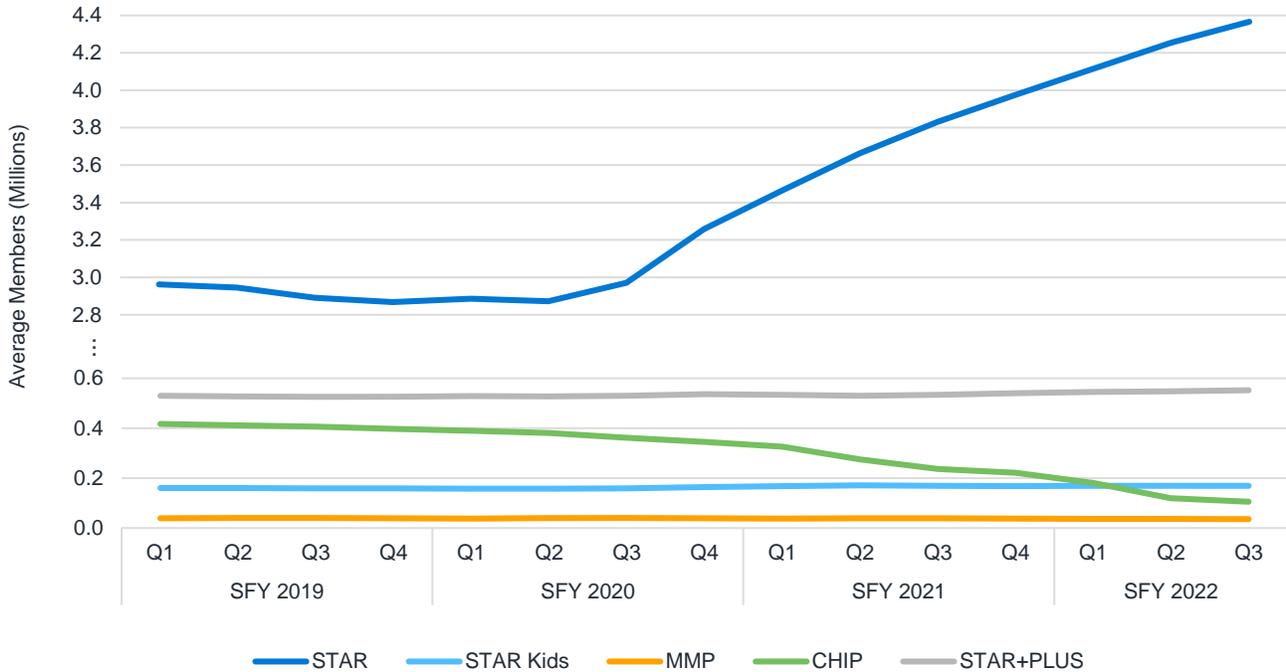
<sup>2</sup> See <https://us.milliman.com/en/insight/medicaid-managed-care-financial-results-2021> for the report.

<sup>3</sup> See <https://www.hhs.texas.gov/sites/default/files/documents/nov-2022-smmcac-agenda-item-5b.pdf> for the transition plan.

## Membership and revenue

Average membership from the FSRs for Q3 SFY 2022 for all Medicaid and CHIP programs combined was 5.2 million. With the onset of the COVID-19 pandemic and the temporary waiver of eligibility renewal requirements, combined membership increased by 31% for the period from Q2 SFY 2020 to Q3 SFY 2022. STAR increased by 52%, and CHIP decreased by 72%. The suspension of the reapplication process for Medicaid eligibility processes during the public health emergency (PHE) has contributed to the population-specific membership changes. Figure 1 shows average membership by quarter and program.

**FIGURE 1: AVERAGE MEMBERSHIP BY QUARTER AND PROGRAM**



The PHE is currently scheduled to end on May 11, 2023, according to an Office of Management and Budget statement released on January 30.<sup>4</sup> In the omnibus bill passed by Congress in December 2022, Medicaid’s continuous enrollment requirement was separated from the PHE, thus allowing states to begin the redetermination enrollment process as early as April 1, 2023, with 12 months to complete redeterminations.<sup>5</sup> It is not yet clear how quickly Texas will redetermine its Medicaid members over the 12 months. A July 2022 report from HHSC<sup>6</sup> discussed splitting the continuous coverage population into three cohorts and starting redetermination with the largest cohort of individuals likely to be ineligible for STAR or who will transition into CHIP. Over the 12 months following April 1, 2023, membership in STAR will likely decrease and CHIP membership will likely increase as Medicaid eligibility is reevaluated.

Premium revenue from the income statements for Q1-Q3 SFY 2022 for all Medicaid and CHIP programs combined was \$27.6 billion, or \$36.8 billion annualized. As shown in Figure 2, average premium revenue was \$597 per member per month (PMPM), an increase of 7.1% relative to SFY 2021. CHIP has had the highest two-year premium PMPM growth from SFY 2020 to SFY 2022 of 33%. STAR Kids had the lowest two-year premium PMPM growth at 6.4%.<sup>7</sup>

<sup>4</sup> See <https://www.whitehouse.gov/wp-content/uploads/2023/01/SAP-H.R.-382-H.J.-Res.-7.pdf> for the policy announcement.

<sup>5</sup> See <https://www.medicaid.gov/federal-policy-guidance/downloads/cib010523.pdf>.

<sup>6</sup> See <https://www.hhs.texas.gov/sites/default/files/documents/jul-2022-iddersrac-agenda-item-5.pdf> for the policy announcement.

<sup>7</sup> Premium revenue PMPM amounts are not adjusted for population case-mix changes by risk group.

FIGURE 2: AVERAGE REVENUE BY FISCAL YEAR AND PROGRAM

Program	PREMIUM REVENUE (\$ BILLIONS)				PREMIUM REVENUE PMPM				% CHANGE PMPM		
	SFY 2019	SFY 2020	SFY 2021	9 months SFY 2022	SFY 2019	SFY 2020	SFY 2021	9 months SFY 2022	SFY 2021	SFY 2022	SFY 2022
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q3	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q3	7.2%	14.8%	10.7%
STAR	\$9.0	\$9.9	\$14.1	\$13.4	\$256	\$275	\$316	\$350	11.4%	1.2%	5.1%
STAR Kids	\$3.3	\$3.7	\$4.0	\$3.2	1,749	1,949	1,972	2,073	7.0%	2.7%	4.3%
MMP	\$1.3	\$1.4	\$1.4	\$1.1	2,813	3,010	3,092	3,226	-0.3%	10.4%	20.5%
CHIP	\$0.8	\$0.7	\$0.6	\$0.3	162	161	178	214	6.2%	4.9%	9.7%
STAR+PLUS	\$10.2	\$10.9	\$11.6	\$9.8	1,616	1,716	1,801	1,976	7.0%	2.6%	7.1%
TOTAL	\$24.7	\$26.7	\$31.7	\$27.6	\$507	\$543	\$557	\$597	7.2%	14.8%	10.7%

Total premium revenue is defined as the sum of the following items from the income statements:

$$\text{PREMIUM REVENUE} = \text{MEDICAL PREMIUM} + \text{PHARMACY PREMIUM}$$

Gross premium revenue is defined by the sum of these following items from the income statements, and this amount is used in later expense ratios and underwriting margins.

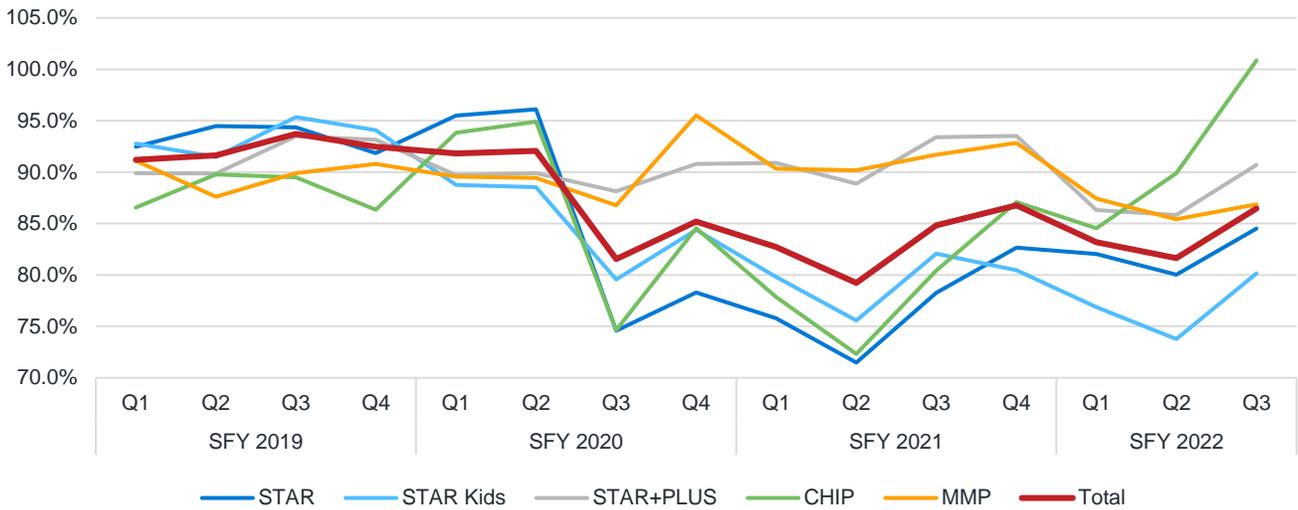
$$\begin{aligned} \text{GROSS REVENUE} = & \text{MEDICAL PREMIUM} \\ & + \text{PHARMACY PREMIUM} \\ & + \text{HEALTH INSURANCE PROVIDERS FEE PASS-THROUGH} \\ & + \text{OTHER REVENUE} \\ & + \text{INVESTMENT INCOME} \end{aligned}$$

## Expense ratios and underwriting margin

From Q2 SFY 2020 to Q3 SFY 2022, 12-month average medical loss ratios (MLRs) for STAR decreased from 94.5% to 82.3%. Similarly, for STAR Kids they decreased from 91.5% to 77.8%. CHIP MLRs decreased at the start of the pandemic along with STAR and STAR Kids but have increased beyond historical levels in the most recent quarter. Changes for STAR+PLUS and MMP were more consistent with historical volatility. The decreases for STAR, STAR Kids, and CHIP corresponded with the timing of the pandemic and fit the pattern of lower utilization and the deferral of services for younger or healthier populations. Compared to STAR and CHIP, the lower utilization for STAR Kids was less pronounced. The trends for the other programs, STAR+PLUS and MMP, implied a reduced impact for older and chronically ill populations in programs with a long-term care component. SFY 2022 MLRs are reduced for the STAR Kids, STAR+PLUS, and MMP programs relative to the prior year. The MLR decreases are driven by premium increases above medical and pharmacy expense increases for STAR Kids, premium increases for STAR+PLUS over medical expense trends with decreasing pharmacy expenses, and decreasing medical and pharmacy expenses for MMP with a premium increase.

Also note that the MLRs for Q3 SFY 2022 included a significant component for Incurred but not reported (IBNR) expense, ranging from 26% to 47% of the reported medical expense. Historically, runout decreases the MLR over time in the Texas Medicaid FSRs, which indicates some conservativeness in the reserve estimates. See our last report through Q3 SFY 2021 for reference. The composite MLR for Q3 SFY 2021 was 88.8% with runout through May 31, 2021, and is now 84.8% with runout through November 30, 2021. Figure 3 shows MLRs by quarter and program.

**FIGURE 3: MEDICAL LOSS RATIOS BY QUARTER AND PROGRAM\***



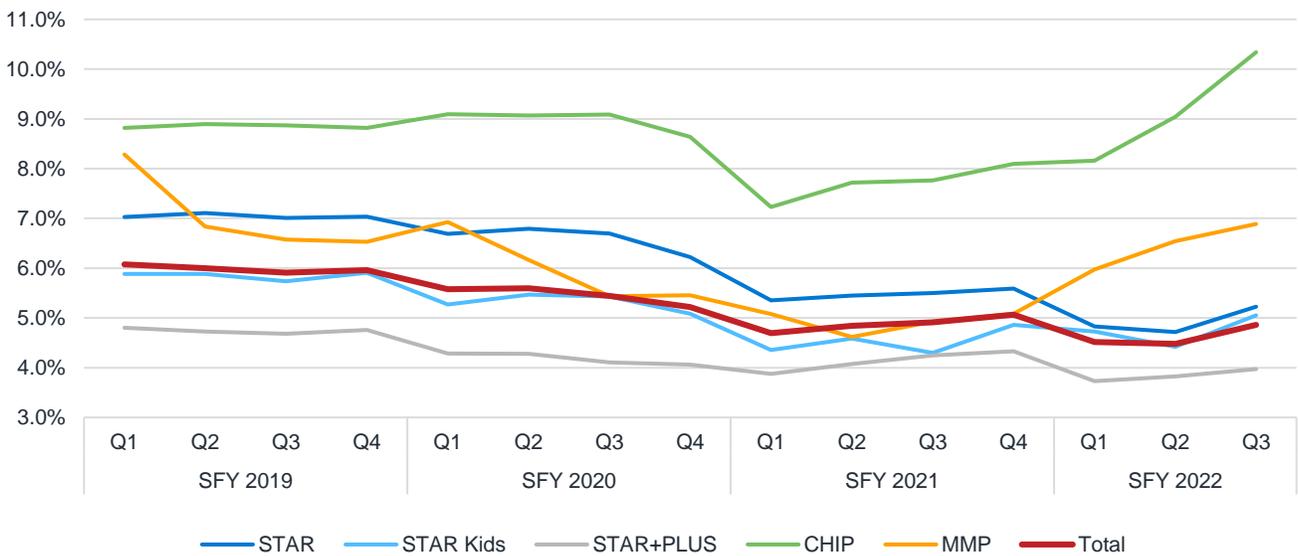
\* Note that FSRs do not include experience rebates, so the medical loss ratios shown are before any profit risk sharing as required by contracts with HHSC.

Medical loss ratio is defined by the following equations:

$\text{MEDICAL LOSS RATIO} = \frac{\text{MEDICAL EXPENSES} + \text{PHARMACY EXPENSES}}{\text{NET REVENUE}}$	$\text{NET REVENUE} = \text{GROSS REVENUE} - \text{TAXES}$
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Quarterly administrative expense ratios by program decreased slightly in SFY 2021 and are up in SFY 2022 for CHIP and MMP. The composite ratio for all programs combined was relatively consistent between quarters and decreased from 6.1% to 4.9% between Q1 SFY 2019 and Q3 SFY 2022, respectively. Figure 4 shows administrative expense ratios by quarter and program.

**FIGURE 4: ADMINISTRATIVE EXPENSE RATIOS BY QUARTER AND PROGRAM**



Administrative expense ratio is defined by the following equation:

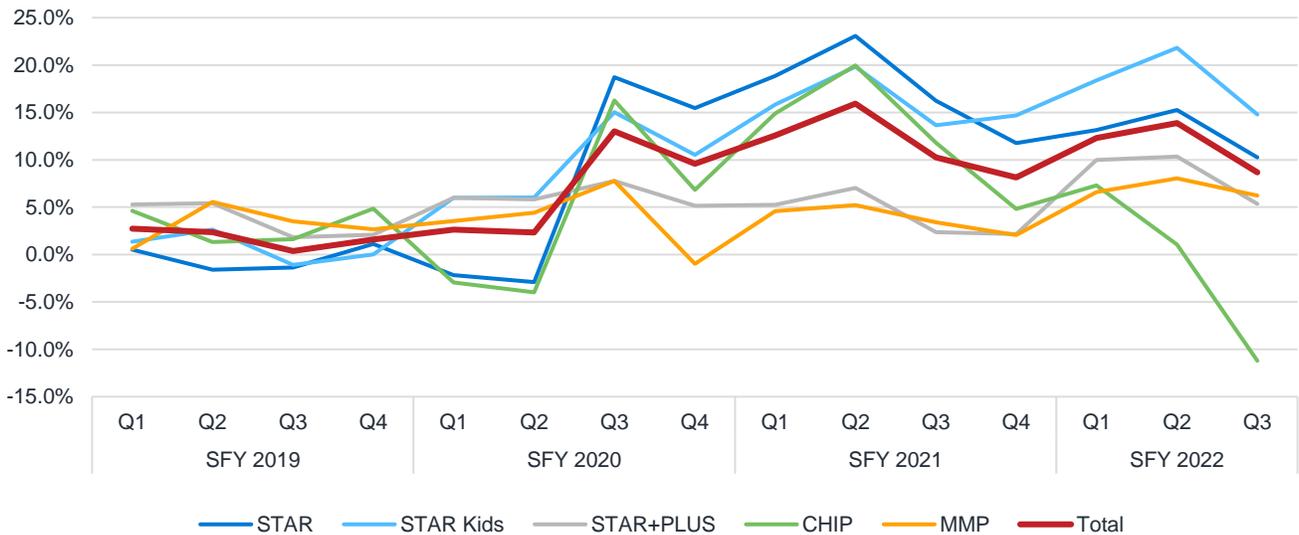
$$\text{ADMINISTRATIVE EXPENSE RATIO} = \frac{\text{ADMINISTRATIVE EXPENSES}}{\text{NET REVENUE}}$$

From Q2 SFY 2020 to Q3 SFY 2022, 12-month average underwriting margins for the programs were as follows:

- For STAR, they trended upward and then downward, from -1.4% to 12.7%.
- For STAR Kids, they trended upward, from 2.9% to 17.5%.
- For STAR+PLUS, they were consistent and then increased in SFY 2022 from 4.0% to 7.0%.
- For CHIP, they increased at the start of the pandemic and since then have trended downward, from 2.0% to 1.7%.
- For MMP, they trended upward, from 3.5% to 5.7%.

Figure 5 shows underwriting margins by quarter and program. Note how, at the start of the pandemic, the STAR, STAR Kids, and CHIP programs had higher underwriting margins that have dampened as the pandemic progressed, reflecting the decreased medical loss ratios as seen above. Also influencing underwriting margin changes are the STAR reduced admin ratios due to higher membership, and the CHIP increased admin ratios due to lower membership.

**FIGURE 5: UNDERWRITING MARGINS BY QUARTER AND PROGRAM\***



\* Note that FSRs do not include experience rebates, so the underwriting margins shown are before any profit risk sharing as required by contracts with HHSC.

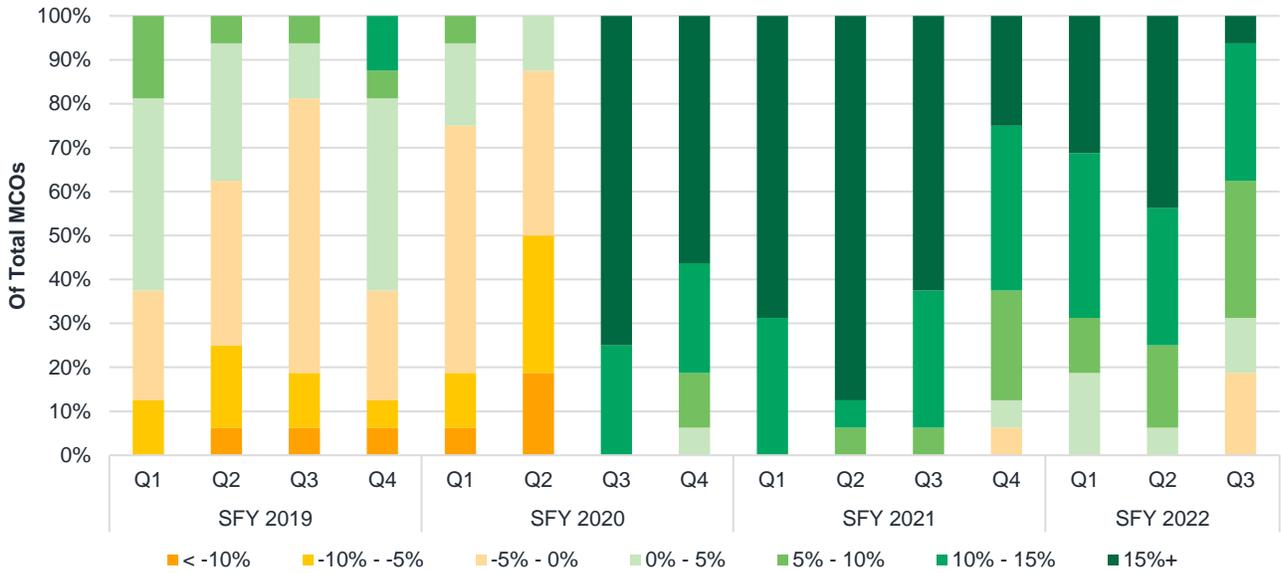
Underwriting margin is defined by the following equation:

$$\text{UNDERWRITING MARGIN} = 1 - (\text{MEDICAL LOSS RATIO} + \text{ADMINISTRATIVE EXPENSE RATIO})$$

We also examined the distributions of underwriting margins by MCO for each of the programs by quarter for SFY 2019 to Q3 SFY 2022. If a MCO is in multiple SDAs within the program, the MCO is counted once in these charts. In Figures 6 through 10, green represents the percentage of MCOs with underwriting gains, and yellow represents MCOs with losses. These figures show the distributions by MCO for STAR, STAR Kids, STAR+PLUS, CHIP, and MMP. Note that Q3 SFY 2022 includes a significant IBNR expense, which may impact the ultimate underwriting margin.

For STAR, 50% of MCOs had underwriting gains in SFY 2019, 94% of MCOs had gains for SFY 2020, and 100% had gains for SFY 2022 to date.

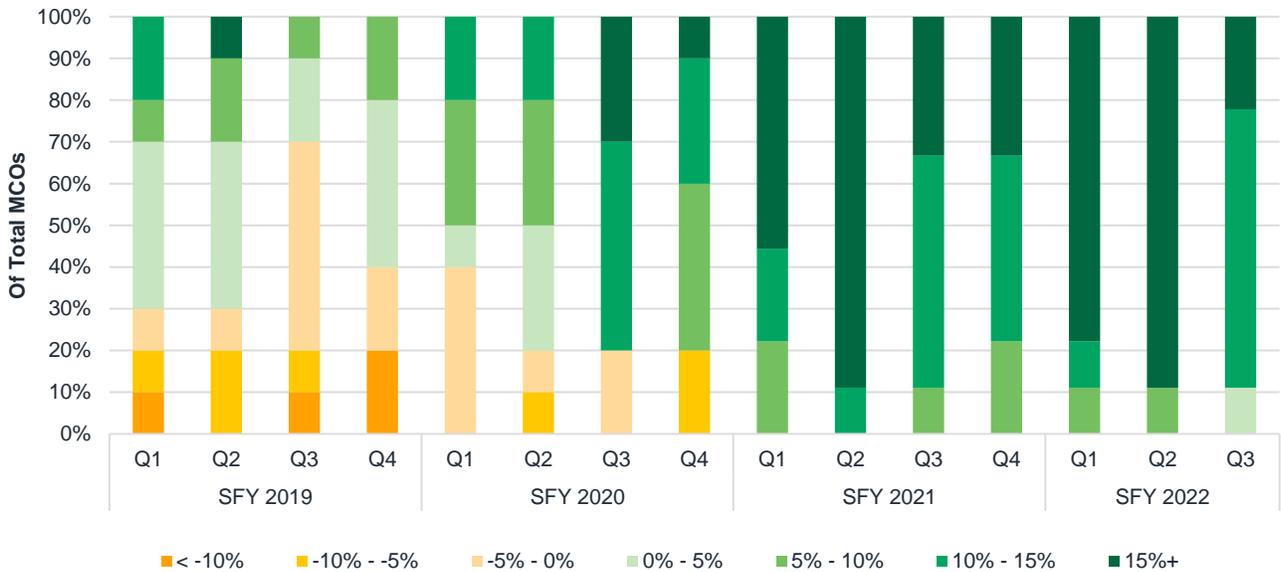
**FIGURE 6: DISTRIBUTION OF UNDERWRITING MARGIN BY MCO FOR STAR\***



\* Note that FSRs do not include experience rebates, so the underwriting margins shown are before any profit risk sharing as required by contracts with HHSC.

For STAR Kids, all MCOs reported underwriting gains in all quarters of SFY 2021 and 2022, following SFY 2019, where 70% of MCOs were profitable, and SFY 2020 with 80% of MCOs profitable.

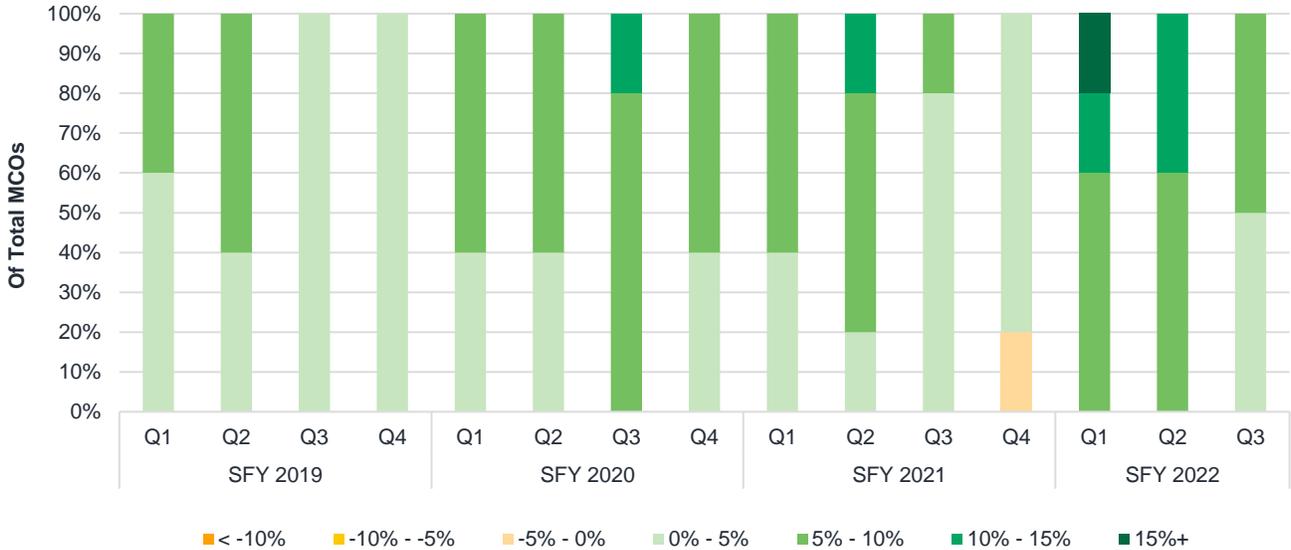
**FIGURE 7: DISTRIBUTION OF UNDERWRITING MARGIN BY MCO FOR STAR KIDS\***



\* Note that FSRs do not include experience rebates, so the underwriting margins shown are before any profit risk sharing as required by contracts with HHSC.

For STAR+PLUS, MCOs have had underwriting gains for all quarters in SFY 2019 to SFY 2022, except for one MCO in Q4 SFY 2021.

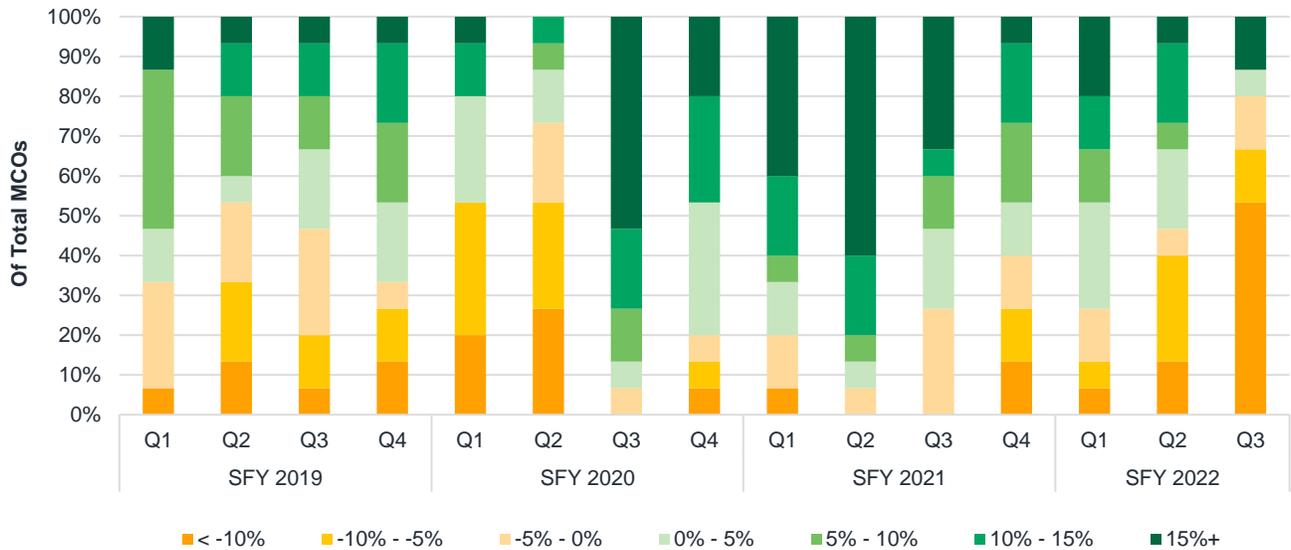
**FIGURE 8: DISTRIBUTION OF UNDERWRITING MARGIN BY MCO FOR STAR+PLUS\***



\* Note that FSRs do not include experience rebates, so the underwriting margins shown are before any profit risk sharing as required by contracts with HHSC.

For CHIP, at least 50% of MCOs reported underwriting gains for each quarter from Q3 SFY 2020 through Q2 SFY 2022. Approximately 20% of MCOs reported a gain in Q3 SFY 2022, which is consistent with an overall trend toward lower profitability in CHIP. As previously mentioned, this last quarter includes significant IBNR expense, which may impact the ultimate underwriting margin.

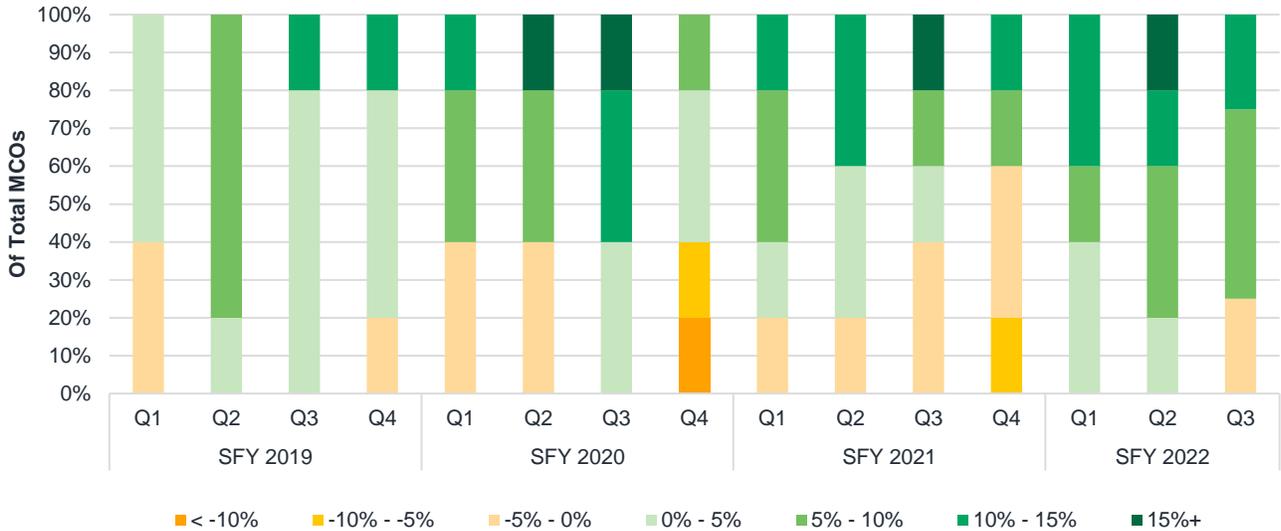
**FIGURE 9: DISTRIBUTION OF UNDERWRITING MARGIN BY MCO FOR CHIP\***



\* Note that FSRs do not include experience rebates, so the underwriting margins shown are before any profit risk sharing as required by contracts with HHSC.

For MMP, SFY 2022 to date has been more profitable for MCOs. In SFY 2019, 80% of MCOs reported profitability, then 60% of MCOs showed gains in SFY 2020 and in 2021, and all MCOs have preliminarily showed gains for SFY 2022 to date.

FIGURE 10: DISTRIBUTION OF UNDERWRITING MARGIN BY MCO FOR MMP\*

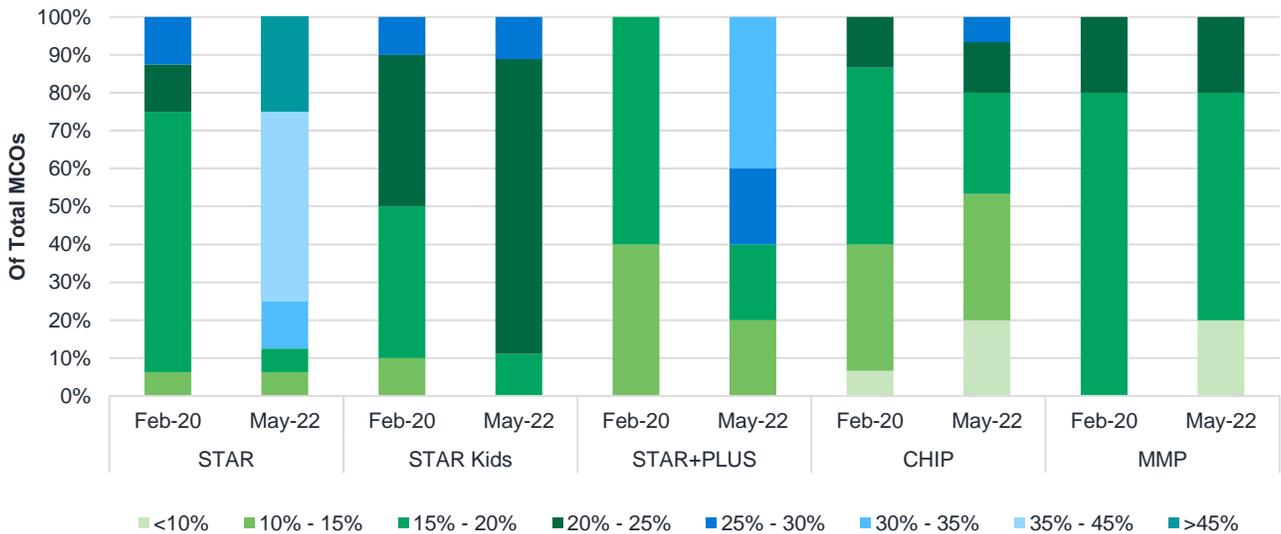


\* Note that FSRs do not include experience rebates, so the underwriting margins shown are before any profit risk sharing as required by contracts with HHSC.

## Medical IBNR accruals

We examined the distributions of IBNR accruals as a percentage of total medical expense by MCO for each of the programs at the end of Q2 SFY 2020 and Q3 SFY 2022 (i.e., February 2020 and May 2022). This showed IBNR patterns before the pandemic and most recent patterns. Because the FSRs for Q2 SFY 2020 included monthly accruals and expense for the first six months of SFY 2020, we compared its percentages with those for the six-month period from December 2021 to May 2022 from the FSRs for Q3 SFY 2022 (i.e., Q2 and Q3 SFY 2022 only) with a similar completion runout. The results are shown in Figure 11.

FIGURE 11: IBNR PERCENTAGE OF MEDICAL CLAIMS BY MCO AND PROGRAM (6-MONTH EXPENSE PERIODS)



IBNR percentage over the prior six-month period is defined by the following equation:

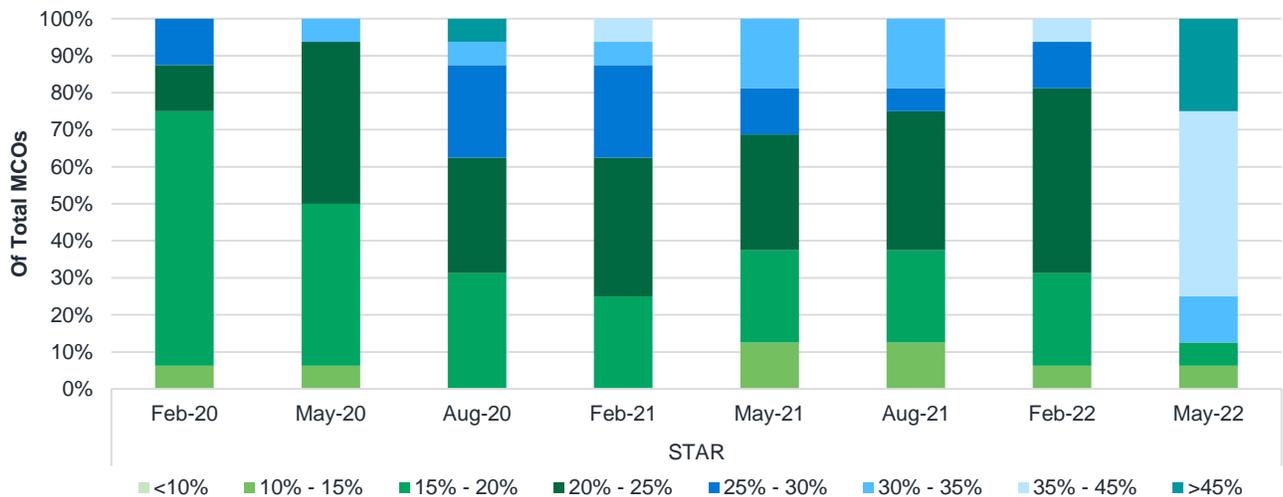
$$\text{IBNR PERCENTAGE} = \frac{\text{IBNR ACCRUAL MEDICAL}}{\text{IBNR ACCRUAL MEDICAL} + \text{FEE-FOR-SERVICE MEDICAL EXPENSES}}$$

The STAR, STAR Kids, and STAR+PLUS programs showed a pattern of increased IBNR accruals for the most recent two quarters relative to pre-pandemic patterns, particularly for STAR and STAR+PLUS, which is explained further below. For STAR, the percentage of MCOs with accruals greater than 20% of total medical expense for the prior six months increased from 25% to 88%, for STAR Kids from 50% to 89%, and for STAR+PLUS from 0% to 60%. CHIP and MMP patterns have stayed more stable since before the pandemic to Q3 SFY 2022.

Looking at IBNR patterns from the first six months of the pandemic, through Q4 SFY 2020 for the period Mar 2020 to August 2020, MCOs overall increased their IBNR estimates for all programs other than STAR+PLUS. This was most apparent in STAR and, up until February 2022, MCOs were reverting to pre-pandemic IBNR patterns. In May 2022, 88% of MCOs increased their STAR reserves above 30%, compared to only 6% of MCOs with IBNR reserves over 30% through February 2022. This increase in IBNR pattern in May 2022 was also seen in STAR+PLUS.

In STAR and STAR+PLUS, this effect may be due to the new Directed Payment Programs (DPPs)<sup>8</sup> implemented at the start of SFY 2022 in September 2021. The additional premiums and claims for the DPPs were not paid from the beginning of SFY 2022 as the state finalized program implementation, and MCOs received back premiums and paid claims starting around May 2022, largely increasing IBNR. These DPPs are state initiatives to increase the payments from MCOs to providers based on quality metrics or to improve access. The increased IBNR effect is due to the largest DPP, the new Comprehensive Hospital Increase Reimbursement Program (CHIRP) that replaced the older Uniform Hospital Rate Increase Program (UHRIP) model for STAR and STAR+PLUS. For a sense of scale, the expected CHIRP PMPM for STAR in the SFY 2022 rate development<sup>9</sup> was \$81 compared to the typical medical claims of \$205 PMPM, so the addition of CHIRP is expected to increase baseline medical claims by 40%. The other DPPs are much smaller than CHIRP, which is why we do not see the same effect in STAR Kids, which has other DPPs but not CHIRP. See the STAR six-month IBNR patterns in Figure 12 for this effect.

**FIGURE 12: STAR IBNR PERCENTAGE OF MEDICAL CLAIMS BY MCO (6-MO EXPENSE PERIODS)**



<sup>8</sup> See <https://www.hhs.texas.gov/providers/medicaid-supplemental-payment-directed-payment-programs/directed-payment-programs> for further information on the Directed Payment Programs.

<sup>9</sup> See <https://pfd.hhs.texas.gov/sites/rad/files/documents/managed-care/2022/2022-03-star.pdf> for the SFY2022 rates adjusted on January 10, 2022 for the latest CHIRP, other DPP, and medical premium for STAR.

## Conclusions

A comparison of FSRs for Q3 SFY 2022 with prior quarters provided insight into the impact of the COVID-19 pandemic on financial results for Texas Medicaid MCOs as well as new emerging trends as the end of the PHE nears. With the onset of the pandemic and the temporary waiver of renewal requirements, membership increased by half for the STAR program and has decreased for the CHIP program. Quarterly medical loss ratios for STAR, STAR Kids, and CHIP decreased significantly at the PHE's onset, fitting the pattern of lower utilization and the deferral of services for younger or healthier populations. MLR levels have since established a new normal level per program, and underwriting margins continue to be elevated two years after the pandemic relative to pre-pandemic experience. The relative stability of MLR trends for the STAR+PLUS and MMP programs implied a reduced pandemic impact for older and chronically ill populations in programs with a long-term care component.

IBNR accruals as a percentage of total expense generally showed a pattern of higher IBNR accruals after the pandemic and a gradual return to pre-pandemic patterns. Q3 SFY 2022 showed a deviation from this with larger IBNR percentages in STAR and STAR+PLUS due to the addition of the DPPs.

Redetermining members' Texas Medicaid eligibility will begin in April 2023, or Q3 SFY 2023. After one additional year of pre-redetermination data, the STAR and CHIP programs' memberships will be largely varied. This will also affect the post-redetermination financials based on the change in the resulting membership distribution.

## Limitations and data reliance

The results contained in this report were compiled using data and information obtained from quarterly FSRs released by HHSC. The SFY 2019, SFY 2020, SFY 2021, and SFY 2022 report data had the submission dates August 31, 2020 (334-day report), December 31, 2020 (90-day report), December 31, 2021 (90-day report), and June 30, 2022 (Q3 report), respectively.

In addition, the results are based on FSRs for a portion of SFY 2022. They do not include experience rebates or potential premium adjustments, nor do they include more recent FSRs. As such, the results are incomplete and should not be relied upon to draw conclusions regarding ultimate experience. Also, a greater degree of volatility will naturally be present in quarterly financial results relative to annual results. Quarterly results inherently include seasonal variances and therefore must be interpreted with caution. The results commented on in this report are presented without adjustment.

Also, two CHIP FSRs and two STAR FSRs were excluded from certain exhibits for all years based on medical loss ratios greater than 200%, administrative expense ratios greater than 30% of net revenue, or large negative IBNR in any SFY during the exposure period. These four FSRs are excluded in the Appendix charts by SDA and are included in all other summaries, including the total amount summaries in Appendix 2 Figures 14 to 18. All dental plans and STAR Health were excluded, as they were out of the scope of our analysis.

Milliman has developed certain models to estimate the values included in this report. The intent of the models was to estimate the financial performance of Texas Medicaid MCOs through Q3 SFY 2022. We have reviewed the models, including their inputs, calculations, and outputs, for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).

The models rely on data and information as input to the models. We have relied upon certain data and information publicly provided by HHSC for this purpose and accepted it without audit. To the extent that the data and information provided is inaccurate or incomplete, the values provided in this report may likewise be inaccurate or incomplete. This report is intended for informational purposes only. Milliman makes no representations or warranties regarding the contents of this report. Likewise, readers of this report are instructed that they are to place no reliance upon this report that would result in the creations of any duty or liability under any theory of law by Milliman or its employees to third parties.

The views expressed in this research paper are made by the authors and do not represent the opinions of Milliman, Inc. Other Milliman consultants may hold alternative views and reach different conclusions from those shown.

## Qualifications

Guideline issues by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. Eleanor Hill is a member of the American Academy of Actuaries and meets the qualification standards for performing the analyses in this report.



Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

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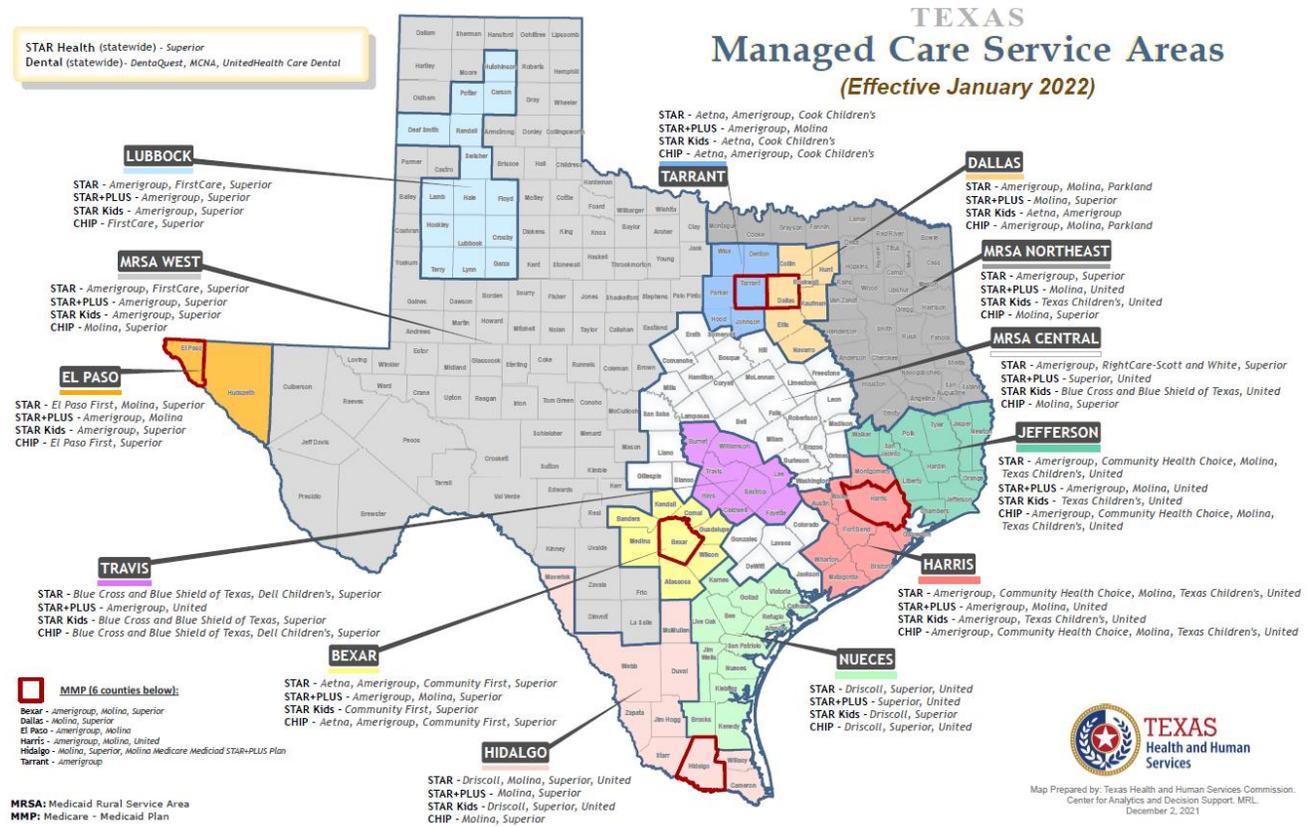
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# Appendix 1: Texas Managed Care SDAs

The map in Figure 13 shows the counties included in each of the service delivery areas (SDAs) for the Texas Medicaid and CHIP managed care programs. MMP is offered in the following six counties: Bexar, Dallas, El Paso, Harris, Hidalgo, and Tarrant. Also listed are the MCOs providing services in each SDA. This image was sourced from the Texas HHSC website.<sup>10</sup>

FIGURE 13: TEXAS MANAGED CARE SERVICE AREAS



<sup>10</sup> See <https://www.hhs.texas.gov/sites/default/files/documents/services/health/medicaid-chip/programs/managed-care-service-areas-map.pdf> for the chart. Accessed February 2023.

## Appendix 2: Expense Ratios by SDA

Figures 14 to 18 show net income, medical loss, and administrative expense ratios as a percentage of net revenue for the STAR, STAR Kids, CHIP, STAR+PLUS, and MMP programs. The charts on the left include data for the MMP SDAs (Bexar, Dallas, El Paso, Harris, Hidalgo, Tarrant,) in comparison to aggregate results for Texas. The charts on the right include all other SDAs in comparison to aggregate results for Texas. The charts show data for SFY 2020, SFY 2021, and the first three quarters of SFY 2022. The data for these figures were filtered to exclude the two STAR and two CHIP FSRs mentioned in the Limitations and Data Reliance section.

FIGURE 14: EXPENSE RATIOS BY SDA FOR STAR



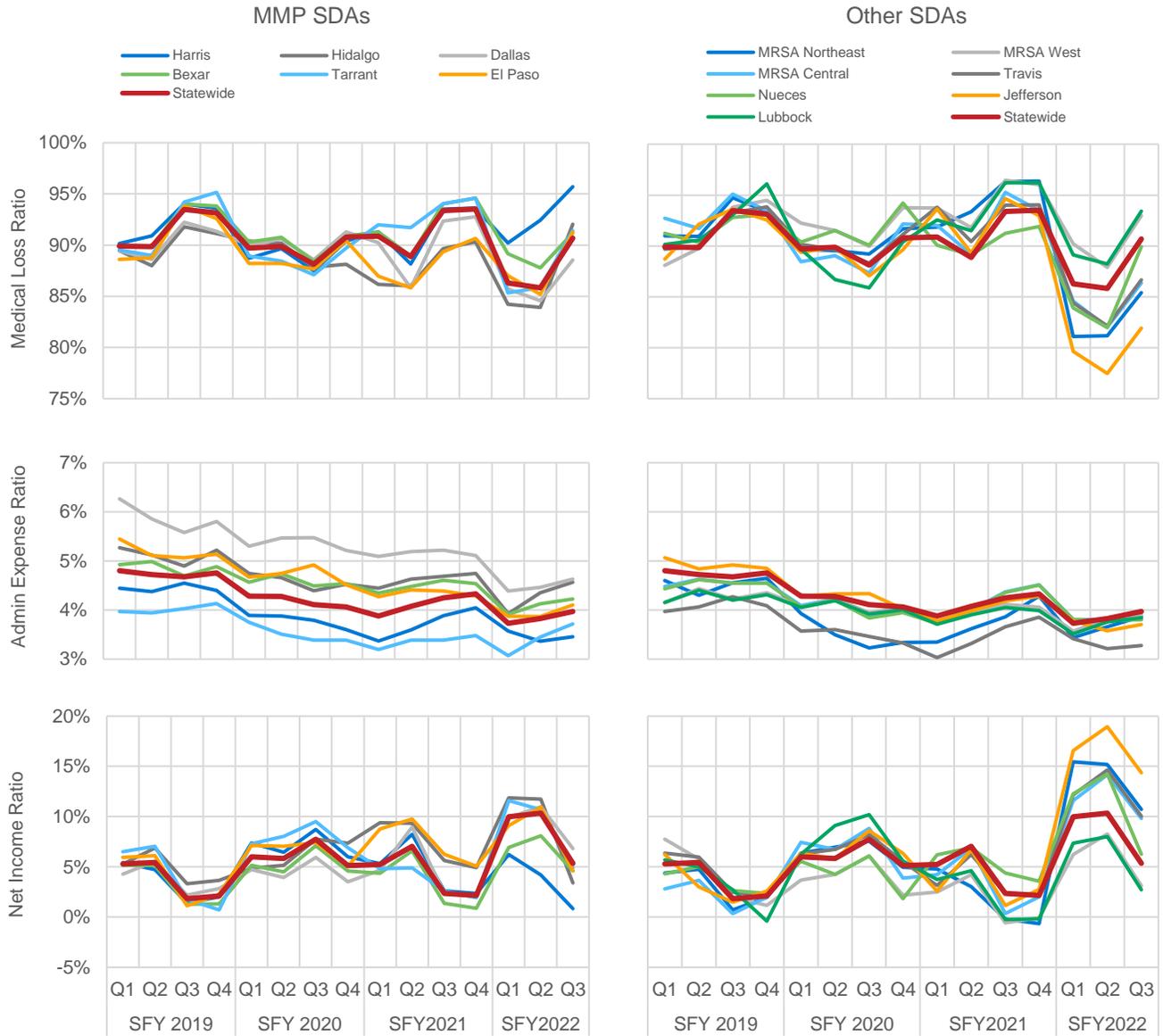
\* Note that FSRs do not include experience rebates, so the expense ratios shown are before any profit risk sharing as required by contracts with HHSC.

FIGURE 15: EXPENSE RATIOS BY SDA FOR STAR KIDS



\* Note that FSRs do not include experience rebates, so the expense ratios shown are before any profit risk sharing as required by contracts with HHSC.

**FIGURE 16: EXPENSE RATIOS BY SDA FOR STAR+PLUS**



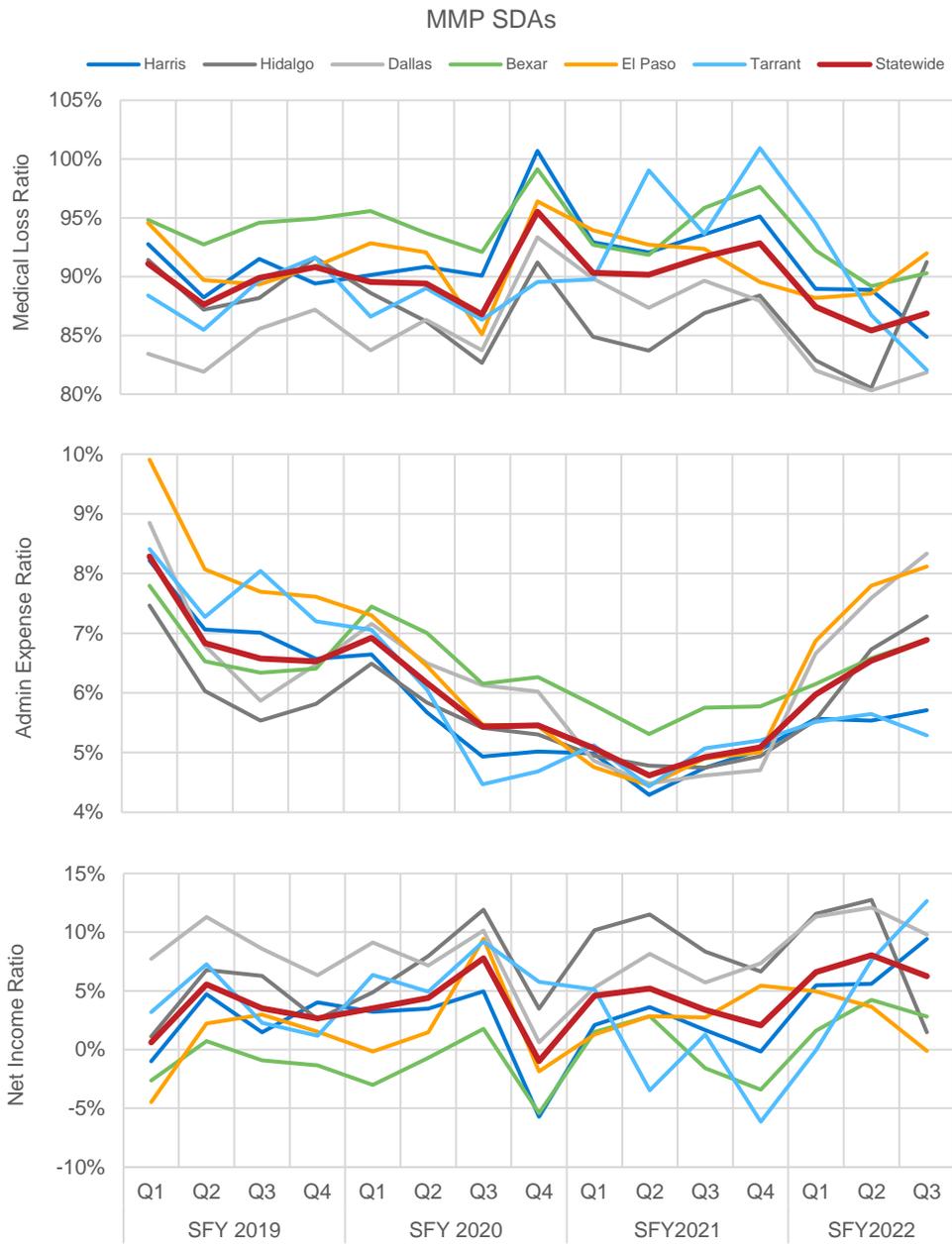
\* Note that FSRs do not include experience rebates, so the expense ratios shown are before any profit risk sharing as required by contracts with HHSC.

FIGURE 17: EXPENSE RATIOS BY SDA FOR CHIP



\* Note that FSRs do not include experience rebates, so the expense ratios shown are before any profit risk sharing as required by contracts with HHSC.

FIGURE 18: EXPENSE RATIOS BY SDA FOR MMP



\* Note that FSRs do not include experience rebates, so the expense ratios shown are before any profit risk sharing as required by contracts with HHSC.

## Appendix 3: Aggregate Costs for All Programs and SFYs

Figure 19 shows aggregate membership, costs, and revenues across all SFYs, programs, and SDAs. As stated in the Limitations and Data Reliance section, this data excludes two CHIP FSRs with high expense ratios.

**FIGURE 19: AGGREGATE COSTS AND REVENUES BY SFY, PROGRAM, AND SDA**

SFY	PROGRAM	SDA	NUMBER OF MCOS	MEMBERS (MILLIONS)	NET REVENUE (\$ MILLIONS)	TOTAL EXPENSES (\$ MILLIONS)	NET INCOME (\$ MILLIONS)
2019	CHIP	Bexar	4	0.38	51	49	1.9
2020	CHIP	Bexar	4	0.35	49	43	5.2
2021	CHIP	Bexar	4	0.25	37	32	4.3
2022	CHIP	Bexar	4	0.09	16	16	(0.1)
2019	CHIP	CHIP RSA	2	1.06	145	134	11.0
2020	CHIP	CHIP RSA	2	0.95	131	117	13.9
2021	CHIP	CHIP RSA	2	0.68	101	83	18.3
2022	CHIP	CHIP RSA	2	0.26	45	44	1.0
2019	CHIP	Dallas	3	0.80	129	129	(0.1)
2020	CHIP	Dallas	3	0.73	118	113	4.6
2021	CHIP	Dallas	3	0.53	95	81	14.1
2022	CHIP	Dallas	3	0.21	45	45	(0.2)
2019	CHIP	El Paso	2	0.17	21	21	0.1
2020	CHIP	El Paso	2	0.15	20	19	1.7
2021	CHIP	El Paso	2	0.11	15	12	3.3
2022	CHIP	El Paso	2	0.04	7	6	1.0
2019	CHIP	Harris	5	1.29	256	244	11.4
2020	CHIP	Harris	5	1.17	221	209	12.4
2021	CHIP	Harris	5	0.83	183	159	24.0
2022	CHIP	Harris	5	0.33	87	87	(0.1)
2019	CHIP	Jefferson	5	0.09	19	28	(9.2)
2020	CHIP	Jefferson	5	0.09	18	33	(15.1)
2021	CHIP	Jefferson	5	0.06	12	16	(3.4)
2022	CHIP	Jefferson	5	0.03	6	6	0.3
2019	CHIP	Lubbock	2	0.11	14	13	1.0
2020	CHIP	Lubbock	2	0.10	13	13	0.7
2021	CHIP	Lubbock	2	0.07	10	8	1.1
2022	CHIP	Lubbock	2	0.02	4	3	0.3
2019	CHIP	Nueces	3	0.10	19	19	(0.6)
2020	CHIP	Nueces	3	0.09	17	18	(0.1)
2021	CHIP	Nueces	3	0.07	13	13	0.7
2022	CHIP	Nueces	3	0.02	5	6	(0.4)
2019	CHIP	Tarrant	3	0.56	82	75	7.5
2020	CHIP	Tarrant	3	0.51	72	70	2.4
2021	CHIP	Tarrant	3	0.37	58	49	8.4
2022	CHIP	Tarrant	3	0.14	26	24	2.2

SFY	PROGRAM	SDA	NUMBER OF MCOS	MEMBERS (MILLIONS)	NET REVENUE (\$ MILLIONS)	TOTAL EXPENSES (\$ MILLIONS)	NET INCOME (\$ MILLIONS)
2019	CHIP	Travis	3	0.32	47	46	1.5
2020	CHIP	Travis	3	0.29	45	44	1.1
2021	CHIP	Travis	3	0.21	33	30	3.2
2022	CHIP	Travis	3	0.08	16	19	(3.6)
2019	MMP	Bexar	3	0.08	214	216	(2.2)
2020	MMP	Bexar	3	0.08	219	223	(4.0)
2021	MMP	Bexar	3	0.07	219	219	(0.2)
2022	MMP	Bexar	3	0.05	157	153	4.5
2019	MMP	Dallas	2	0.08	212	194	18.0
2020	MMP	Dallas	2	0.08	228	213	15.3
2021	MMP	Dallas	2	0.08	248	232	16.5
2022	MMP	Dallas	2	0.06	186	166	20.6
2019	MMP	El Paso	2	0.05	143	142	0.9
2020	MMP	El Paso	2	0.05	148	144	3.4
2021	MMP	El Paso	2	0.05	141	137	4.3
2022	MMP	El Paso	2	0.03	105	102	3.0
2019	MMP	Harris	3	0.13	332	324	7.8
2020	MMP	Harris	3	0.13	350	345	5.2
2021	MMP	Harris	3	0.12	357	350	6.5
2022	MMP	Harris	3	0.09	266	247	18.2
2019	MMP	Hidalgo	3	0.09	294	281	12.4
2020	MMP	Hidalgo	3	0.09	326	303	23.2
2021	MMP	Hidalgo	3	0.09	311	282	28.7
2022	MMP	Hidalgo	3	0.06	220	201	18.8
2019	MMP	Tarrant	1	0.05	131	127	4.6
2020	MMP	Tarrant	1	0.05	139	130	9.2
2021	MMP	Tarrant	1	0.05	148	149	(1.2)
2022	MMP	Tarrant	1	0.03	111	103	7.5
2019	STAR	Bexar	4	3.09	785	773	12.2
2020	STAR	Bexar	4	3.20	846	784	61.6
2021	STAR	Bexar	4	3.95	1,130	918	211.5
2022	STAR	Bexar	4	3.36	1,131	985	146.7
2019	STAR	Dallas	3	4.60	1,155	1,169	(14.4)
2020	STAR	Dallas	3	4.71	1,305	1,174	130.8
2021	STAR	Dallas	3	5.89	1,809	1,546	263.6
2022	STAR	Dallas	3	5.06	1,729	1,605	123.7
2019	STAR	El Paso	3	1.42	338	331	7.8
2020	STAR	El Paso	3	1.42	350	333	17.7
2021	STAR	El Paso	3	1.71	475	399	76.1
2022	STAR	El Paso	3	1.43	452	397	55.3
2019	STAR	Harris	5	8.40	2,172	2,215	(43.0)
2020	STAR	Harris	5	8.68	2,425	2,248	176.2

SFY	PROGRAM	SDA	NUMBER OF MCOS	MEMBERS (MILLIONS)	NET REVENUE (\$ MILLIONS)	TOTAL EXPENSES (\$ MILLIONS)	NET INCOME (\$ MILLIONS)
2021	STAR	Harris	5	10.93	3,880	3,239	640.1
2022	STAR	Harris	5	9.37	3,500	3,072	428.1
2019	STAR	Hidalgo	4	4.10	999	990	8.3
2020	STAR	Hidalgo	4	4.15	1,087	962	124.3
2021	STAR	Hidalgo	4	4.93	1,407	1,068	339.0
2022	STAR	Hidalgo	4	4.07	1,307	1,056	250.6
2019	STAR	Jefferson	5	0.97	275	279	(4.3)
2020	STAR	Jefferson	5	1.00	294	267	27.0
2021	STAR	Jefferson	5	1.27	438	383	55.8
2022	STAR	Jefferson	5	1.09	395	305	89.4
2019	STAR	Lubbock	3	0.91	245	249	(4.3)
2020	STAR	Lubbock	3	0.93	270	247	23.5
2021	STAR	Lubbock	3	1.16	363	279	83.6
2022	STAR	Lubbock	3	0.98	339	292	47.3
2019	STAR	MRSA Central	3	1.67	398	382	15.7
2020	STAR	MRSA Central	3	1.73	424	402	21.9
2021	STAR	MRSA Central	3	2.13	579	471	108.0
2022	STAR	MRSA Central	3	1.82	540	477	62.4
2019	STAR	MRSA Northeast	2	2.04	485	472	13.0
2020	STAR	MRSA Northeast	2	2.09	523	485	38.3
2021	STAR	MRSA Northeast	2	2.61	745	632	112.5
2022	STAR	MRSA Northeast	2	2.23	716	614	102.4
2019	STAR	MRSA West	3	1.83	504	502	1.3
2020	STAR	MRSA West	3	1.88	556	507	49.3
2021	STAR	MRSA West	3	2.41	756	618	138.3
2022	STAR	MRSA West	3	2.07	698	598	100.3
2019	STAR	Nueces	3	1.06	331	341	(10.2)
2020	STAR	Nueces	3	1.09	360	334	25.4
2021	STAR	Nueces	3	1.32	504	446	57.9
2022	STAR	Nueces	3	1.10	471	383	87.8
2019	STAR	Tarrant	3	3.16	758	759	(1.1)
2020	STAR	Tarrant	3	3.28	859	840	19.5
2021	STAR	Tarrant	3	4.21	1,257	1,043	213.4
2022	STAR	Tarrant	3	3.67	1,254	1,097	156.8
2019	STAR	Travis	3	1.74	405	415	(9.8)
2020	STAR	Travis	3	1.80	439	413	25.8
2021	STAR	Travis	3	2.28	594	480	114.1
2022	STAR	Travis	3	1.97	623	576	47.2
2019	STAR KIDS	Bexar	2	0.17	314	309	5.3
2020	STAR KIDS	Bexar	2	0.17	357	323	34.1
2021	STAR KIDS	Bexar	2	0.18	378	315	63.8
2022	STAR KIDS	Bexar	2	0.13	303	253	50.1

SFY	PROGRAM	SDA	NUMBER OF MCOS	MEMBERS (MILLIONS)	NET REVENUE (\$ MILLIONS)	TOTAL EXPENSES (\$ MILLIONS)	NET INCOME (\$ MILLIONS)
2019	STAR KIDS	Dallas	2	0.26	468	479	(11.4)
2020	STAR KIDS	Dallas	2	0.26	507	497	9.8
2021	STAR KIDS	Dallas	2	0.27	574	476	97.7
2022	STAR KIDS	Dallas	2	0.20	460	386	73.7
2019	STAR KIDS	El Paso	2	0.06	97	90	6.6
2020	STAR KIDS	El Paso	2	0.06	100	95	4.6
2021	STAR KIDS	El Paso	2	0.06	104	92	12.1
2022	STAR KIDS	El Paso	2	0.05	84	72	11.5
2019	STAR KIDS	Harris	3	0.44	800	798	1.6
2020	STAR KIDS	Harris	3	0.45	924	805	119.3
2021	STAR KIDS	Harris	3	0.47	974	814	160.2
2022	STAR KIDS	Harris	3	0.35	759	608	151.5
2019	STAR KIDS	Hidalgo	3	0.26	427	438	(10.6)
2020	STAR KIDS	Hidalgo	3	0.26	478	433	44.4
2021	STAR KIDS	Hidalgo	3	0.27	501	423	78.2
2022	STAR KIDS	Hidalgo	3	0.20	391	312	78.4
2019	STAR KIDS	Jefferson	2	0.06	88	88	(0.8)
2020	STAR KIDS	Jefferson	2	0.06	97	88	9.8
2021	STAR KIDS	Jefferson	2	0.06	106	78	27.4
2022	STAR KIDS	Jefferson	2	0.05	84	61	23.4
2019	STAR KIDS	Lubbock	2	0.04	65	60	4.8
2020	STAR KIDS	Lubbock	2	0.04	70	59	10.5
2021	STAR KIDS	Lubbock	2	0.04	78	62	15.1
2022	STAR KIDS	Lubbock	2	0.03	59	48	10.4
2019	STAR KIDS	MRSA Central	2	0.11	151	142	8.7
2020	STAR KIDS	MRSA Central	2	0.11	172	144	28.0
2021	STAR KIDS	MRSA Central	2	0.11	178	151	26.6
2022	STAR KIDS	MRSA Central	2	0.09	137	113	24.1
2019	STAR KIDS	MRSA Northeast	2	0.13	229	221	8.0
2020	STAR KIDS	MRSA Northeast	2	0.13	261	229	31.9
2021	STAR KIDS	MRSA Northeast	2	0.13	272	219	52.5
2022	STAR KIDS	MRSA Northeast	2	0.10	219	168	51.9
2019	STAR KIDS	MRSA West	2	0.08	112	110	2.6
2020	STAR KIDS	MRSA West	2	0.08	120	105	16.0
2021	STAR KIDS	MRSA West	2	0.08	128	105	23.0
2022	STAR KIDS	MRSA West	2	0.06	106	83	23.0
2019	STAR KIDS	Nueces	2	0.06	95	98	(2.6)
2020	STAR KIDS	Nueces	2	0.06	101	87	14.4
2021	STAR KIDS	Nueces	2	0.06	107	93	14.6
2022	STAR KIDS	Nueces	2	0.05	83	71	12.8
2019	STAR KIDS	Tarrant	2	0.17	298	290	7.8
2020	STAR KIDS	Tarrant	2	0.17	319	311	8.3

MILLIMAN REPORT

SFY	PROGRAM	SDA	NUMBER OF MCOS	MEMBERS (MILLIONS)	NET REVENUE (\$ MILLIONS)	TOTAL EXPENSES (\$ MILLIONS)	NET INCOME (\$ MILLIONS)
2021	STAR KIDS	Tarrant	2	0.18	350	318	32.0
2022	STAR KIDS	Tarrant	2	0.14	275	239	35.7
2019	STAR KIDS	Travis	2	0.09	164	160	4.0
2020	STAR KIDS	Travis	2	0.09	182	166	16.3
2021	STAR KIDS	Travis	2	0.09	198	169	29.1
2022	STAR KIDS	Travis	2	0.07	153	129	24.1
2019	STAR+PLUS	Bexar	3	0.55	889	861	28.8
2020	STAR+PLUS	Bexar	3	0.55	946	895	50.4
2021	STAR+PLUS	Bexar	3	0.56	1,000	967	32.9
2022	STAR+PLUS	Bexar	3	0.43	853	797	55.6
2019	STAR+PLUS	Dallas	2	0.74	1,217	1,172	45.2
2020	STAR+PLUS	Dallas	2	0.75	1,277	1,219	57.7
2021	STAR+PLUS	Dallas	2	0.76	1,367	1,305	61.7
2022	STAR+PLUS	Dallas	2	0.59	1,255	1,139	115.4
2019	STAR+PLUS	El Paso	2	0.25	327	314	12.6
2020	STAR+PLUS	El Paso	2	0.26	349	326	23.2
2021	STAR+PLUS	El Paso	2	0.26	358	331	26.7
2022	STAR+PLUS	El Paso	2	0.20	312	287	25.4
2019	STAR+PLUS	Harris	3	1.25	1,880	1,817	63.6
2020	STAR+PLUS	Harris	3	1.27	2,028	1,883	144.6
2021	STAR+PLUS	Harris	3	1.30	2,299	2,193	105.5
2022	STAR+PLUS	Harris	3	1.01	1,853	1,784	69.1
2019	STAR+PLUS	Hidalgo	3	0.76	1,398	1,331	66.8
2020	STAR+PLUS	Hidalgo	3	0.76	1,458	1,367	91.7
2021	STAR+PLUS	Hidalgo	3	0.74	1,448	1,342	106.0
2022	STAR+PLUS	Hidalgo	3	0.56	1,227	1,119	107.9
2019	STAR+PLUS	Jefferson	3	0.23	336	324	11.1
2020	STAR+PLUS	Jefferson	3	0.23	356	332	24.2
2021	STAR+PLUS	Jefferson	3	0.23	393	380	12.9
2022	STAR+PLUS	Jefferson	3	0.18	316	264	52.5
2019	STAR+PLUS	Lubbock	2	0.16	228	220	7.4
2020	STAR+PLUS	Lubbock	2	0.16	251	232	19.5
2021	STAR+PLUS	Lubbock	2	0.16	255	250	5.0
2022	STAR+PLUS	Lubbock	2	0.12	212	199	12.8
2019	STAR+PLUS	MRSA Central	2	0.36	572	560	12.6
2020	STAR+PLUS	MRSA Central	2	0.36	613	572	41.0
2021	STAR+PLUS	MRSA Central	2	0.37	646	625	21.6
2022	STAR+PLUS	MRSA Central	2	0.28	539	475	64.0
2019	STAR+PLUS	MRSA Northeast	2	0.55	856	831	25.3
2020	STAR+PLUS	MRSA Northeast	2	0.55	937	876	60.4
2021	STAR+PLUS	MRSA Northeast	2	0.55	938	922	16.5
2022	STAR+PLUS	MRSA Northeast	3	0.42	783	675	107.8

## MILLIMAN REPORT

SFY	PROGRAM	SDA	NUMBER OF MCOS	MEMBERS (MILLIONS)	NET REVENUE (\$ MILLIONS)	TOTAL EXPENSES (\$ MILLIONS)	NET INCOME (\$ MILLIONS)
2019	STAR+PLUS	MRSA West	2	0.44	650	622	27.2
2020	STAR+PLUS	MRSA West	2	0.43	704	676	28.4
2021	STAR+PLUS	MRSA West	2	0.43	723	712	11.0
2022	STAR+PLUS	MRSA West	2	0.32	600	565	35.2
2019	STAR+PLUS	Nueces	2	0.25	428	413	15.4
2020	STAR+PLUS	Nueces	2	0.25	452	432	20.0
2021	STAR+PLUS	Nueces	2	0.25	472	447	24.8
2022	STAR+PLUS	Nueces	2	0.19	383	341	41.6
2019	STAR+PLUS	Tarrant	2	0.49	806	774	32.4
2020	STAR+PLUS	Tarrant	2	0.50	872	803	69.2
2021	STAR+PLUS	Tarrant	2	0.50	907	874	32.3
2022	STAR+PLUS	Tarrant	3	0.39	791	720	71.5
2019	STAR+PLUS	Travis	2	0.31	503	481	21.2
2020	STAR+PLUS	Travis	2	0.31	543	507	36.3
2021	STAR+PLUS	Travis	2	0.31	579	559	19.9
2022	STAR+PLUS	Travis	2	0.24	487	427	59.7

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