

Texas Department of Insurance



HMO SUPPLEMENT

for filing

2006 Quarterly

Financial Analysis & Examinations

333 Guadalupe St MC 303-1A

Austin TX 78701

TEXAS HMO SUPPLEMENT

STATEMENT FOR THE PERIOD ENDING _____ OF THE _____

(NAME OF COMPANY)

REPORT FOR: 1. CORPORATION ____ / 2. DIVISION _____

(Location)

**EXHIBIT II (Quarter/Annual)
ACTUAL REVENUES AND EXPENSES BY MAJOR SPECIFIED LINES**

Indicate Reporting Period:

Current Quarter: ____ Year-to-date: ____

	1. TOTAL	2. COMMERCIAL RISK (Omit Provider HMO Business)	3. MEDICARE (Omit Provider HMO Business)		4. MEDICAID (Omit Provider HMO Business)	5. POINT OF SERVICE RIDER COVERAGE	6. ASSUMED RISK (as a Provider HMO)	7. CHILDREN'S HEALTH INSURANCE PLAN	8. PUBLICLY SUPPORTED HEALTH CARE	9. NON-RISK
			BASIC	PART D						
1. ENROLLEES AT THE END OF REPORTING PERIOD										
2. MEMBER MONTHS										
3. Direct Premium										XXXXXX
4. Net Premium										XXXXXX
5. Change in unearned premium reserve and reserve for rate credits										
6. Fee-for-Service (gross revenues).....		XXXXXXXX				XXXXXX	XXXXXX	XXXXXXXX		
7. Risk Revenue		XXXXXXXX			XXXXX	XXXXXX		XXXXXXXX	XXXXXX	XXXXXX
8. Other Health Related Revenues										
9. TOTAL HEALTHCARE RELATED REVENUE (Lines 4 to 8)										
10. Other Revenue (excluding investment income)										
11. TOTAL REVENUE (Lines 9 plus 10).....										
MEDICAL AND HOSPITAL:										
12. Hospital/Medical Benefits.....										
13. Other Professional Services										
14. Outside Referrals.....										
15. Emergency Room and Out-of Area.....						XXXXXXX				
16. Other Medical & Hospital										
17. Incentive Pool and Withhold Adjustments										
18. SUBTOTAL MEDICAL AND HOSPITAL (Lines 12 to 17).....										
19. Net Reinsurance Recoveries Incurred										
20. TOTAL MEDICAL AND HOSPITAL (Lines 18 minus 20)										
21. Claims Adjustment Expense										
22. General Administrative Expenses										
23. Increase in Reserves for Accident and Health contracts										
24. TOTAL UNDERWRITING DEDUCTIONS (Lines 20 to 23).....										
25. NET UNDERWRITING GAIN/(LOSS) (Lines 9 minus 24)										
26. Net Investment Income Earned										
27. Net Realized Capital Gains/(Losses)										
28. NET INVESTMENT GAINS/(LOSSES) (Lines 26 to 27)										
29. Other Expenses										
30. INCOME/(LOSS) BEFORE FIT & EX ITEMS (Lines 10 + 25 + 28 - 29)										
31. Extraordinary Items & Federal Income Taxes										
32. NET INCOME (LOSS) (Lines 30 minus 31)										
33a. NON-TAXABLE COMMERCIAL RISK ENROLLEES			(Examples of non-taxable enrollees are State of Texas enrollees & Federal employees.)							
33b. NON-TAXABLE COMMERCIAL RISK MEMBER MONTHS										

TEXAS HMO SUPPLEMENT

EXHIBIT II IS FOR REPORTING ACTUAL RESULTS OF THE HMO FOR THE CURRENT QUARTER AND YEAR-TO-DATE BY GROUPINGS OF THE MAJOR LINES OF BUSINESS

<p>A SEPARATE FORM IS REQUIRED FOR EACH OF THE FOLLOWING:</p> <ul style="list-style-type: none"> • Corporate operations, as a whole • Each Division’s operations, separately, <i>HOWEVER, at a <u>minimum</u>, service areas for Dallas/Ft. Worth, Austin/San Antonio, Houston/Galveston/Beaumont, Corpus Christi/Rio Grande Valley, El Paso, and Lubbock/Amarillo shall each require separate divisional reporting. For HMOs writing Medicaid business, divisional reporting shall be, at a <u>minimum</u>, according to service areas defined by the Texas Department of Health.</i> • Additional information, by specific type of business, may be requested at any time throughout the reporting year. The HMO should be prepared to report its financial condition at this level of detail when requested. • Separate pages are required to break out Current Period information from Year-to-Date information for each exhibit submitted. • Disclosure must be made in the Management’s Discussion & Analysis (MDA) stating how <i>indirect costs are apportioned among lines of business and divisional operations</i>. The MDA must be filed annually. 	<p>Assumed risk pertains to indirect business obtained from other HMOs (or Approved non-profit health corporations) for a set capitation and which places the reporting HMO at risk. In this instance, another HMO is the direct writer of business and the reporting HMO obtained this business as a provider. Assumed risk includes Medicare and Medicaid business obtained from another HMO.</p> <p>Children’s Health Insurance Plan is to include all business generated under the Children’s Health Insurance Plan.</p> <p>Commercial risk is defined as all business generated under HMO coverage contracts directly issued to individuals or groups, whether single service HMO coverage, limited service HMO coverage, or basic service HMO coverage, with the exception of Medicare and Medicaid premiums paid by the Federal Government or the State of Texas. Medicare supplement premiums paid by an individual or on that individual’s behalf by an employer would be included in “Commercial risk business.”</p> <p>Medicare business to be reported in this exhibit pertains to premiums paid by the Federal Government for coverage under the Medicare program. This business is to include premiums paid directly to the HMO by the Federal Government and supplemental charges as allowed by the Federal Government to be charged to Medicare enrollees as a part of Medicare risk coverage, but is not to include indirect Medicare business obtained through another HMO.</p>
<p align="center"><u>HMO DEFINITIONS</u></p> <p>A Division is an operation that meets one of the following conditions:</p> <ol style="list-style-type: none"> 1. <i>A distinct and separate operation</i> of an HMO corporation as opposed to other operations of the corporation serving other distinct and separate geographical service areas; 2. <i>A service area that crosses state lines</i> or international boundaries is considered to have a separate divisional operation in each state or country and requires separate cost centers and reports; or 3. <i>A separate geographical area</i> whereby the geographical location of an enrollee or a group contract holder is used in determining charges or rates. 	<p>Medicaid business pertains to premiums paid by the State of Texas for coverage under the Medicaid program. This business line is to include only premiums directly paid by the State of Texas to the HMO and is not to include indirect Medicaid business obtained through another HMO.</p> <p>Publicly Supported Health Care pertains to premiums paid for indigent care and other publicly sponsored benefits. These benefits may be paid for by the State of Texas, the Federal Government, local hospital districts, local municipalities or local counties. This business excludes Medicare and Medicaid business. Also, indirect business of this nature that is received from another HMO or other carrier is not to be included in this column, but is to be included in assumed risk business.</p>
<p>A Point-of-service rider is coverage issued by an HMO that meets the requirements of Texas Insurance Code §843.108 [formerly, Art. 20A.06(c)], which may be used, at the option of the enrollee, for self-referred health care services, benefits, and supplies (other than emergency services) from non-participating physicians and providers or for services from participating physicians and providers under circumstances in which the enrollee fails to comply with the HMO’s requirements for obtaining in-plan covered services.</p>	<p>Non-risk business pertains to business without underwriting risk. Examples of this type of business include “Administrative Services Only” agreements, fee-for-service revenues, whether directly from the public at large or from another carrier for services provided to beneficiaries of that carrier, and management or administrative fees received for managing or administering operations of another company. The reporting of non-risk enrollees and member months that lends itself to maintenance of an enrollee count is optional.</p>

HMO SUPPLEMENT - ANNUAL and QUARTERLY

STATEMENT FOR THE PERIOD ENDING _____, OF THE _____

**EXHIBIT VI
Supplemental Interrogatories**

1. Are any providers, within the HMO's Texas network, responsible for provision of health care services for which the provider, itself, is not licensed to directly furnish that particular service [§843.318, TIC, formerly Art. 20A.26(f)(8)]? **YES / NO**
- If "Yes";
- a. Are the costs of these services less than 15% of the total costs of services provided by the contracting provider? **(Percentage: _____%) YES / NO / NA**
- b. Are the services being directly provided by licensed sub-contracting providers? **YES / NO / NA**
2. Is documentation supporting the answers to question 1 being maintained at the HMO's home office or other designated administrative office, as approved by the Texas Dept. of Insurance? **YES / NO / NA**
3. Are you a Primary HMO contracting with Provider HMO(s) or ANHC(s), as defined in 28 TAC §11.2? **YES / NO**
- If "Yes";
- a. Are there written agreements evidencing each Primary HMO / Provider HMO and Primary HMO / ANHC relationship? **YES / NO / NA**
(If not, please attach a description of any such relationship including the identity of the parties involved.)
- b. Have all written agreements been filed with the Texas Department of Insurance in accordance with 28 TAC §11.1604(2). **YES / NO / NA**
(If not please attach a schedule identifying those agreements that have not been filed.)
- c. Has a monitoring plan been submitted to the Texas Department of Insurance in accordance with 28 TAC §11.1604(1). **YES / NO / NA**
(If not, please attach a schedule listing all relationships of which a monitoring plan has not been submitted to the Texas Department of Insurance.)
- d. If contracting with an ANHC,
- i. Has each ANHC provided a financial statement showing evidence of financial solvency and financial ability to perform under the contract in accordance with 28 TAC § 11.1604(2)(F)? **Yes / No / NA**
(Attach a schedule identifying any ANHCs not providing a financial statement.)
- ii. List the "as of dates" and dates that the financial statements were received from each ANHC.

- e. Has the data required under 28 TAC §11.1604(2)(G) been received from the Provider HMO or ANHC? **YES / NO / NA**
- If "Yes";
- i. Is utilization data received from Provider HMO or ANHC included on Page 30? **YES / NO / NA**
- ii. Is complaint data received from Provider HMO or ANHC included in Exhibit III? **YES / NO / NA**
- f. Has an on-site audit of each ANHC or Provider HMO been conducted in accordance with 28 TAC §11.1604(3)? **YES / NO / NA**
- List dates of last audit of each ANHC and Provider HMO: _____

4. Are you a Provider HMO or ANHC contracting with a Primary HMO as defined in 28 TAC §11.2? **YES / NO**
- If "Yes";
- a. For services provided under the written agreement required to be filed under 28 TAC §11.1604(2), do all contracts and sub-contracts between the Provider HMO and physicians and providers contain enrollee hold harmless clauses? **YES / NO / NA**
- b. Has the information listed under 28 TAC §11.1604(G) been provided to the Primary HMO on a monthly basis? **YES / NO / NA**

HMO SUPPLEMENT - ANNUAL and QUARTERLY

STATEMENT FOR THE PERIOD ENDING _____, OF THE _____

**EXHIBIT VI - Supplemental Interrogatories
(continued)**

5. For all operations, including out-of-state operations, please list the total amounts paid to physicians, hospitals, and other health care providers under the compensation methods listed:

COMPENSATION METHOD	CURRENT YEAR-TO-DATE AMOUNT	PERCENT OF TOTAL	PREVIOUS YEAR AMOUNT	PERCENT OF TOTAL
Fee for service	\$	%	\$	%
Discounted Fee For Service	\$	%	\$	%
Capitation	\$	%	\$	%
Per diem	\$	%	\$	%
Other	\$	%	\$	%
Total Paid	\$	100%	\$	100%

6. Within the next 12 months following the reporting date, does the HMO anticipate a change in compensation methods utilized (as reflected above) equal or exceeding 20%? (For example, if 70% of an HMO’s medical and hospital expenses were paid on a capitation basis in the previous year and the HMO anticipates that for the next 12 months only 50% of the medical and hospital expenses will be paid on a capitation basis, then there is a change equal to 20%.) **YES / NO**

If “Yes”, please reflect the anticipated percentages below.

COMPENSATION METHODS	PERCENTAGE, CURRENT YEAR-TO-DATE	ANTICIPATED PERCENTAGES
Fee for service	%	%
Discounted Fee For Service	%	%
Capitation	%	%
Per diem	%	%
Other	%	%
Total Paid	100%	100%

7. Within the next 12 months, does the HMO anticipate any major changes in the manner by which health care services are provided? (for example, implementing or eliminating a “gatekeeper” system would constitute a major change in the manner by which health care services are provided.) **YES / NO**

8. Has there been any significant change in the manner of delivery of health care services during the current period that was not previously anticipated and disclosed in previous statement filings? **YES / NO**

9. If question 7 and/or 8 is “Yes”, please describe:

10. If medical and hospital costs are expected to increase as a result in a change in utilization of compensation methods or changes in the manner that health care services are provided, have rates been adjusted to anticipate the additional costs? If “Yes”, please furnish the date that these rates were filed.

DATE: _____ **YES / NO**

11. If the HMO is incurring medical and hospital expenses under a Point of Service Rider (POS) at any time during the previous 4 calendar quarters, the schedule below must be completed.

	(1) TOTAL MEDICAL AND HOSPITAL EXPENSES INCURRED (FOR THE LAST 4 CALENDAR QUARTERS)	(2) TOTAL MEDICAL AND HOSPITAL EXPENSES INCURRED UNDER POINT OF SERVICE RIDER (FOR THE LAST 4 CALENDAR QUARTERS)	(3) PERCENT OF POS MEDICAL AND HOSPITAL EXPENSES TO TOTAL MEDICAL AND HOSPITAL EXPENSES (COLUMN 3 ÷ COLUMN 2)
a. Total business (including out-of-state)	\$	\$	%
b. Texas business, only	\$	\$	%

*Amounts reported above are on a gross basis (reinsurance recoveries are not excluded)

HMO SUPPLEMENT - ANNUAL and QUARTERLY

STATEMENT FOR THE PERIOD ENDING _____, OF THE _____

**EXHIBIT VI - Supplemental Interrogatories
(continued)**

12. The primary purpose of this schedule is to determine if the HMO is subject to the requirement of setting up a premium deficiency reserve for Texas business under 28 TAC §11.706. Complete information below for each line of business. "Date Commenced Business" is defined as the date of the issuance of the first policy for each particular line of business listed below.

	(1) Date Commenced Business:	(2) Premiums Earned	(3) Medical & Hospital Expenses Incurred*	(4) Administrative & Other Expenses Incurred**	(5) Net Income/Loss	(6) Current Period Premium Deficiency Reserve
Direct Business:	<i>(total for the last four calendar quarters)</i>					
a. Medicare						
b. Medicaid						
c. CHIP						
Commercial:						
d. Large group						
e. Small group						
f. Individual						
Assumed Risk:						
g. Medicare						
h. Medicaid						
i. CHIP						
Commercial:						
j. Large group						
k. Small group						
l. Individual						

* Medical & Hospital Expense also means "benefit" expense.

** Administrative & Other Expenses include claim adjustment expenses as well as administrative and all other non-benefit expenses.

13. Information regarding 'end of period enrollment' and 'total member month for last four calendar quarters' for Texas business that corresponds to the information provided in question #12.

	Medicare	Medicaid	CHIP	Large Group Commercial	Small Group Commercial	Individual
Ending Enrollment (Direct Business)						
Ending Enrollment (Assumed Risk)						
Member Months (Direct Business)						
Member Months (Assumed Risk)						

14. Does the HMO participate in the State of Texas Employee Retirement System's Uniform Group Insurance Program (write coverage for Texas state employees)? **YES / NO**

If "Yes", then in relation to the Uniform Group Insurance Program coverage what are:

- a. number of enrollees _____
- b. number of member months _____
- c. premium revenue _____
- d. medical and hospital expense _____
- e. loss ratio _____
- f. net income/loss from business _____
- g. major metropolitan area(s) covered _____

**HMO SUPPLEMENT
2006 QUARTERLY**

STATEMENT FOR THE PERIOD ENDING:

OF THE:

(Name of Company)

SCHEDULE E--PART 3--SPECIAL DEPOSITS

States	1. Type of Deposit	2. Purpose of Deposit	3.		4.		5.		6.	
			Deposits with the State of Domicile for the Benefit of All Policyholders				All Other Special Deposits			
			Book/Adjusted Carrying Value	Fair Value	Book/Adjusted Carrying Value	Fair Value				
1. Alabama.....AL										
2. Alaska.....AK										
3. Arizona.....AZ										
4. Arkansas.....AR										
5. California.....CA										
6. Colorado.....CO										
7. Connecticut.....CT										
8. Delaware.....DE										
9. District of Columbia....DC										
10. Florida.....FL										
11. Georgia.....GA										
12. Hawaii.....HI										
13. Idaho.....ID										
14. Illinois.....IL										
15. Indiana.....IN										
16. Iowa.....IA										
17. Kansas.....KS										
18. Kentucky.....KY										
19. Louisiana.....LA										
20. Maine.....ME										
21. Maryland.....MD										
22. Massachusetts.....MA										
23. Michigan.....MI										
24. Minnesota.....MN										
25. Mississippi.....MS										
26. Missouri.....MO										
27. Montana.....MT										
28. Nebraska.....NE										
29. Nevada.....NV										
30. New Hampshire.....NH										
31. New Jersey.....NJ										
32. New Mexico.....NM										
33. New York.....NY										
34. North Carolina.....NC										
35. North Dakota.....ND										
36. Ohio.....OH										
37. Oklahoma.....OK										
38. Oregon.....OR										
39. Pennsylvania.....PA										
40. Rhode Island.....RI										
41. South Carolina.....SC										
42. South Dakota.....SD										
43. Tennessee.....TN										
44. Texas.....TX										
45. Utah.....UT										
46. Vermont.....VT										
47. Virginia.....VA										
48. Washington.....WA										
49. West Virginia.....WV										
50. Wisconsin.....WI										
51. Wyoming.....WY										
52. America Samoa.....AS										
53. Guam.....GU										
54. Puerto Rico.....PR										
55. US Virgin Islands.....VI										
56. Canada.....CN										
57. Aggregate Alien and Other.....OT	XXX	XXX								
58. Total	XXX	XXX	0	0	0	0	0	0	0	0