CENTRAL HEALTH

Review of Investment in Health Insurance Coverage

Prepared by

Germane SOLUTIONS

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Executive Summary

Central Health has, as a principal component of its strategic plan, endeavors to maximize enrollment in health coverage for Travis County residents. Local efforts to enroll individuals in insurance have been recognized as a national best practice. The American Hospital Association stated in a recent overview on the importance of coverage that coverage improves access to care, is associated with improved health outcomes, supports appropriate health care utilization and improves individual, family and community well-being.[1]

Central Health works through a network of health care partners and community members to connect uninsured, underinsured and low-income residents with high-quality, cost-effective healthcare. A key component of this strategy is Central Health's investment in health insurance coverage for the individuals they serve. This review examines the investment in providing health care coverage by Central Health. This investment was compared to other means of providing insurance coverage to Travis County residents. National models of coverage by other healthcare and hospital districts were used as comparators. The result of this review is an analysis of the value that Central Health's investment in healthcare coverage brings to Travis County and the surrounding communities. Strategic opportunities and scenario analysis assist in presenting the benefit.

"In preparing for battle, I have always found that plans are useless, but planning is indispensable." This quote, attributed to Dwight Eisenhower is sound advice for navigating an environment where you know that conditions will constantly change. The future of revenue for health care and the future of a health plan are certainly in that category. Performance of provider-led health plans remains mixed and Central Health possesses characteristics and assets that provide both opportunities and pitfalls in serving the residents of Travis County.

In exploring how Central Health might most effectively use its resources to aid its mission and assist in improving insurance coverage for the people it serves, several alternatives were identified:

(1) Maintaining the current operations and investment in Sendero Health Plans;
(2) Re-aligning some operations to be able to seize on additional economies of scale and allocate resources better across the enterprise;
(3) Re-aligning individuals based on risk-stratification within the insurance plans to optimize opportunities and results;
    This strategy could improve access to specialty care by re-positioning covered lives or members by risk group to reduce churn, best serve their clinical care needs and maintain financial viability for Central Health.
(4) Purchasing insurance from other plans for a segment of the service population outright.

[1] American Hospital Association, "The Importance of Healthcare Coverage", January 2018.

Central Health has a commitment and investment to provide insurance coverage options for the low-income and underserved residents of Travis County. More than that, Central Health pays for healthcare, wherever and however it might be provided. Providing insurance coverage is simply one way to pay for care, one that has distinct strategic and financial advantages over alternative means of paying for care in the safety net. Examining the deployment of resources through the lens of providing healthcare and paying for healthcare, regardless of whether the mechanism is providing an insurance product or paying for the services directly, can help Central Health meet its goals. These efforts are part of a larger process of ensuring Central Health optimizes its opportunities, uses tax payer dollars efficiently and effectively to meet the needs of the community, and delivers the highest quality care to achieve the best health outcomes at the lowest cost possible.

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The methodology for this review consists of five (5) defined components:

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- What are the benefits?

(2) Key Informant Interviews
- How do key stakeholders understand the current situation and the path forward?

(3) Literature Review
- What does the literature tell us about health districts who operate health plans and the relative risks and benefits?

(4) External Benchmarking
- What metrics can we use to measure overall value to Central Health?
- How do Central Health's efforts to provide insurance coverage match up against other health districts?

(5) Alternatives Analysis
- What can be done to plan for the uncertain future of healthcare?
- What other alternatives does Central Health have going forward?

Why Provide Insurance Coverage?

Central Health works through a network of health care partners and community members to connect uninsured, underinsured and low-income residents with high-quality, cost-effective healthcare. A key component of this strategy is Central Health's investment in health insurance coverage for the individuals they serve. This review examines this investment in comparison to alternative means of providing insurance coverage to Travis County residents and models of delivering coverage used by other healthcare and hospital districts. The result of this review is an analysis of the value that Central Health's investment in Sendero Health Plans brings to Travis County and the surrounding communities. Strategic opportunities and scenario analysis assist in presenting that benefit.

A principal component of Central Health's strategic plan is maximizing enrollment in health coverage for Travis County residents. Local efforts to enroll individuals in insurance have been recognized as a national best practice. The American Hospital Association stated in a recent overview on the importance of coverage that coverage improves access to care, is associated with improved health outcomes, supports appropriate health care utilization and improves individual, family and community well-being.[2]

Sendero Health Plans, Inc. was formed in 2011 as a new, non-profit public health plan in Central Texas to provide health insurance coverage options for individuals eligible for publicly-funded programs. Sendero was granted an HMO Certificate of Authority from the Texas Department of

[2] American Hospital Association, "The Importance of Healthcare Coverage", January 2018.

Insurance. In mid-2011, Sendero submitted a proposal to the Texas Health and Human Services Commission to contract for the management of the STAR and CHIP[3] programs in the Eight (8) county Travis Service Delivery Area. That contract was granted in September 2011 and Sendero was authorized to begin services on March 1, 2012.

Both the total number of individuals and the percentage of the population in Travis County without health insurance have declined since 2009. While Travis County has remained below the average for the state of Texas (14% vs. 17%), it is still above the national average of 9%, according to the most recent data available (*Figure 1)*.[4]

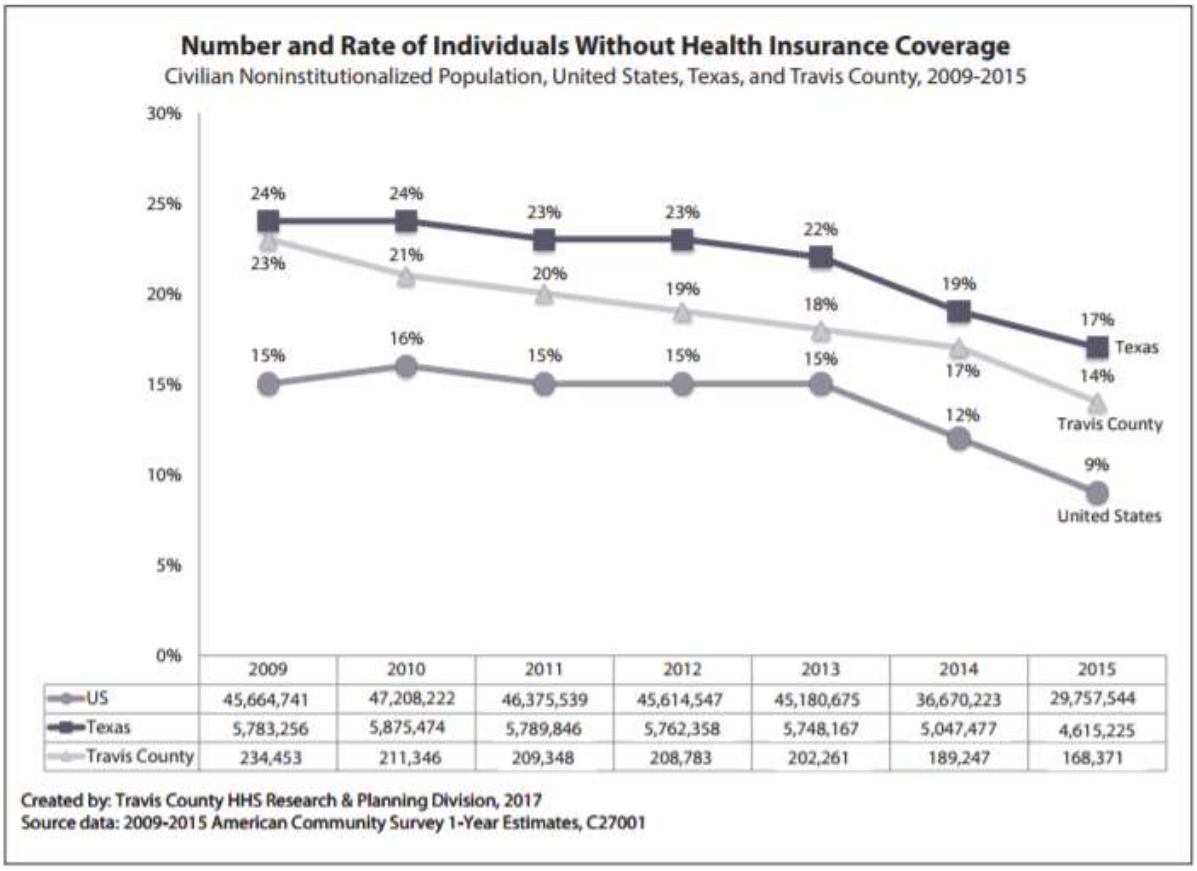

Figure 1. Travis County Health Insurance Coverage Overall

When the data is examined by race and ethnicity it is apparent that there are significant disparities, particularly among the African American and Hispanic populations of the county. While the uninsured rate for Asian and Non-Hispanic White citizens is 7%, it is 12% for African American citizens and 27% for Hispanic citizens residing in Travis County based on the U.S. Census Bureau, American Community Survey data for 2017. Another way to look at this

[3] STAR – State of Texas Access Reform; CHIP – Children's Health Insurance Program

[4] Travis County Health and Human Services, Research & Planning Division. "Healthcare Coverage in Travis County", August 2017.

information is to understand that while Hispanic residents are 34% of the population of Travis County, they are 63% of the uninsured population, while non-Hispanic Whites make up 49% of the population of the county, but only 24% of the uninsured population (*Figure 2)*.

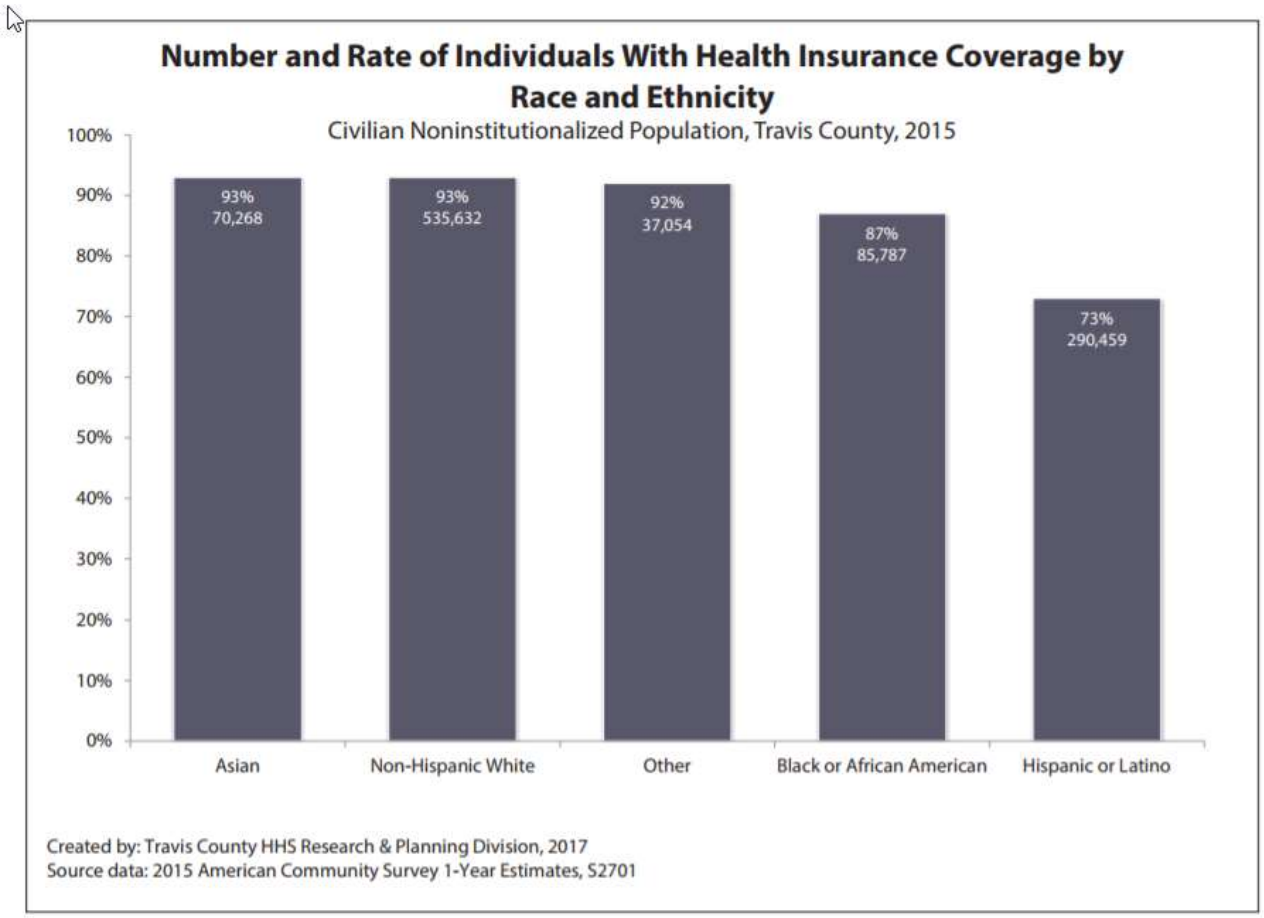

Figure 2. Travis County Health Insurance Coverage by Race and Ethnicity

Another disparity becomes apparent when looking at the insurance coverage data by income. Eleven percent (11%) of those above 200% of poverty are uninsured in Travis County, while thirty percent (30%) of those between 100 and 199% are uninsured and twenty seven percent (27%) of those below 100% of poverty report that they do not have coverage. It is possible some respondents were enrolled in the Medical Access Program (MAP) and may not have understood it to be insurance, but it is impossible to tell whether this impacted the demographic groups differently. While all categories have seen a rise in insurance coverage since 2009, it is only in the most recent results that the percentage of individuals under 100% of poverty have surpassed those between 100 and 199% category (*Figure 3).*

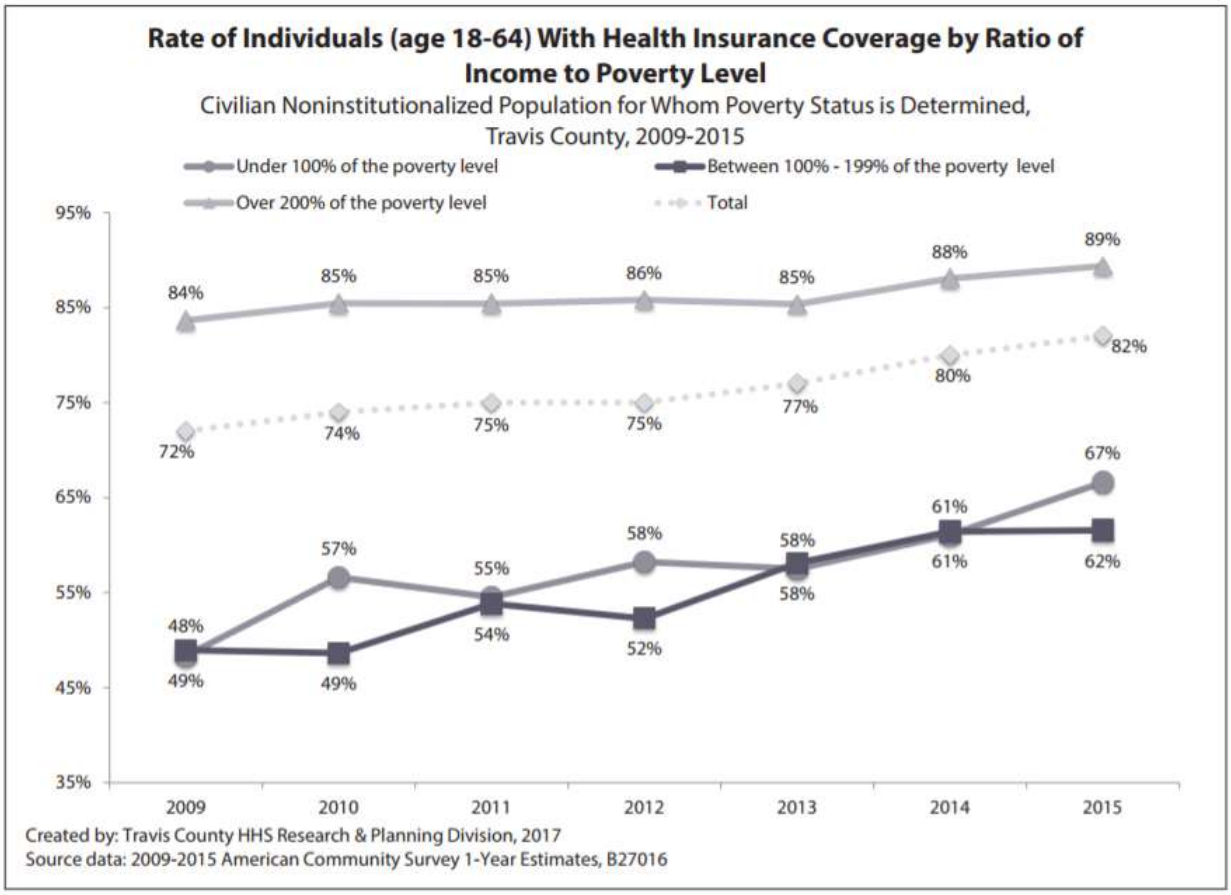

Figure 3. Travis County Coverage Rates by Ratio of Income to Poverty

Country of birth and citizenship status have a significant relationship to insurance coverage rates in Travis County. While native born citizens have an uninsured rate of ten percent (10%) or 93,272 citizens, foreign born-naturalized citizens have a rate of fourteen percent (14%) or 9,595 citizens and foreign born-noncitizens have a rate of forty six percent (46%) or 65,054 citizens.

Texas has the largest number of provider-led health plans in the country. Establishing a health plan is not the most common way for public health and hospital districts to address the coverage needs of the people they serve, but Central Health does not stand alone in using this approach as one component of its overall strategy.

Design Choices for a Provider-Led Health Plan

The number of providers in the U.S. offering at least one health plan grew 3 percent annually from 2010 to 2014 to 106 provider led health plans (PLHPs), and total enrollment grew 6 percent annually over that same period, to 15.3 million lives. Texas has the third largest enrollment in PLHPs, behind Pennsylvania, Michigan and New York.

When Sendero Health Plans was established there were several motivations that drove the decision:

- Providing additional insurance coverage to those in the community who don't already have access to quality care through other mechanisms;
- Being at the table with the State of Texas when decisions are made around Medicaid and other state-run programs;
- Having a plan was believed to confer a significant strategic advantage if changes to Medicaid eligibility occurred in Texas and many more people were in a Medicaid plan.

The American Hospital Association has stated provider-led health plans like Sendero can allow health systems to:[5]

- Control their destiny in an industry where value, provider consolidation, population health management, cost pressures and the shifting of risk from payers to providers are becoming the norm.
- Improve the ability to offset lower provider-side revenues by capturing quality and efficiency-related savings on the payer side.
- Foster stronger physician relationships and innovation through greater alignment of incentives for cost, quality and care coordination.
- Grow volume with insurance products that can be offered through federal and state health insurance exchanges.

In a report in 2015, a worldwide management consulting firm, McKinsey & Company, identified five potential benefits to health systems in launching or maintaining a health plan (*Figure 4).*

[5] Michael N. Abrams and Gordon Phillips "Taking the Leap into Coverage", *Trustee,* September 12, 2016.

Figure 4. Strategic Advantages to Operating a Health Plan

If health systems design their products and networks well, they should be able to increase patient inflow by improving their alignment with community physicians; and better manage the total cost of care.

A health system can also leverage economies of scale and skill through owning a health plan. It gives a system, through its partners, the opportunity to examine the full set of resources needed to manage care and the total cost of care more effectively than if the system does not also provide the coverage.

It also allows the system to customize care management and infrastructure and replicate best practices. There is an opportunity to reduce friction between the payor and providers, but that is dependent on the relationship with relevant third parties. In short, having a health plan allows a health system to better prepare for population health management and mitigate some of the risk.

Offering a health plan can create strategic option value for the future. It gives the health system the ability to redesign utilization management efforts to suit the needs of the system. Processes to manage utilization include using a more efficient or streamlined prior authorization process, medical necessity review or retrospective audit process.

There are four essential questions a health system should ask as it considers whether to offer a health plan. These questions help stakeholders to evaluate what sets them apart in their market (*Figure 5).*

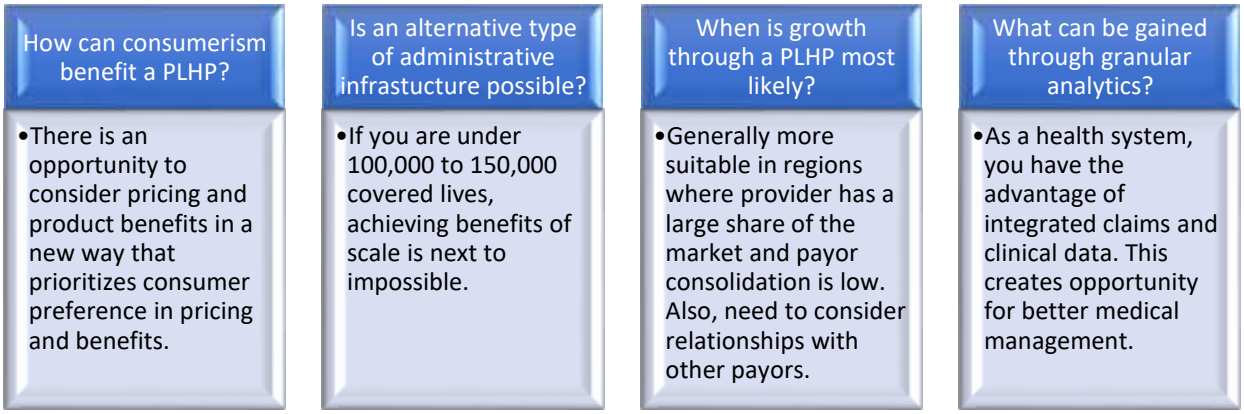

Figure 5. Design Choices for a Provider-Led Health Plan

Health Insurance Coverage Currently Provided in Central Health

The Medical Access Program (MAP) is a local program provided by Central Health that covers primary care, prescriptions, specialty care, and hospital care which had over 41,000 enrollees in 2017.

Sendero Health Plans was created in 2011 to serve as the health maintenance organization (HMO) for the Central Texas region. Central Health coordinates and manages health care services and enhances the provider network in the community through Sendero. Sendero had a total enrollment of over 54,000 enrollees as of the 2nd quarter of 2017.

Several community partners offer sliding fee scale programs—most notably, CommUnityCare. Sliding fee scale claims are reimbursed based on scales operated by care delivery partners. Through the Central Health Premium Assistance Program (CHAP), Central Health provides the insurance premium subsidy for those up to twice the federal poverty level.

Key Informant Interviews

Process

Key informant interviews were conducted with seven (7) key stakeholders including Board Members and Central Health Executive Staff. These occurred from December 2017 to January 2018. An eight-question discussion guide formed the basis of each interview covering strategic opportunities, gaps, risk, obstacles, areas for improvement and competition in the market.

Summary Findings

Strategic Opportunities

1) Being able to provide insurance puts those who have traditionally been left out of the employer-based or Medicaid plans on an equal playing field. When everyone has some type of coverage, it's easier to treat all clients the same.
2) There is an opportunity to simplify the strategy so that it can be easily grasped and tracked by the Board and the citizens of Travis County.
3) Having a health plan gives the enterprise of Central Health an additional mechanism to leverage other funds.

Gaps

1) There are still gaps in what types of services are covered. In some cases, Medicaid has a more comprehensive benefit package than other available plans. This appears most clearly in the coverage of prescription drugs but can apply to some specialty care.
2) Churn – when members come off Medicaid, where do they go?
3) Undocumented Residents – how do we handle their care?
4) The limits of a two-hospital system. How effective can any plan be that only has two choices?
5) Network Issues – we still have a system of care that looks different for lower-income individuals than for those higher on the income scale.

Risks

1) Uncertainty – nNot knowing how federal and state policy will evolve over the next several years makes it difficult to know what position Central Health will be in going forward.
2) Balancing priorities – with any investment Central Health makes, it should be clear how it addresses a priority area. Competing priorities will vie for importance. Paying for care and coverage are priorities, even in a limited resource environment, regardless of how that priority is accomplished.

Obstacles

1) The “Unknown Unknowns” – we can control for the knowns and manage that risk, it is the unexpected that is a challenge to manage.
2) While striving to be transparent, transparency does not always reassure the public that Central Health is doing the right thing.
3) Lack of a common base of understanding of health plan operations and what it means to run a plan can make aspects of decision-making difficult.
4) New entrant into the ACA exchange marketplace – how will that impact Sendero?
5) Many aspects of what Sendero must deal with are not under its control – how do you plan resources in that environment?
6) The cost of living in Austin continues to rise – that will become more of a challenge.

Areas for Improvement

1) Effective communication between all parties and to the public is critical going forward.
2) Focusing on the financial health of the plan sometimes prevents engaging in discussions on strategic priorities and other decisions that deserve time and energy as well.
3) There may need to be additional attention to individuals who are transitioning between plans or settings – tracking those individuals as well as education around the use of benefits.
4) There is a perceived need to focus on the triple aim – lowering costs while delivering the highest possible quality of care is a balancing act.

Market Competition

1) Central Health supports the only locally owned and operated health plan that is specifically oriented to those who have traditionally been uninsured.
2) Partners can be both sides of a coin – there are some great benefits and great challenges.
3) As an organization dedicated to the safety net, Central Health has few direct competitors. There are both opportunities and risks within the market that are unique to Central Health. Taking advantage of the unique opportunities is one way Central can continue to lead.

Literature Review

McKinsey & Company, a worldwide management consulting firm, authored a report in 2015 that identified 13 percent of all U.S. health systems offering health plans in one or more markets – commercial, Medicare Advantage (MA), or managed Medicaid.[6]

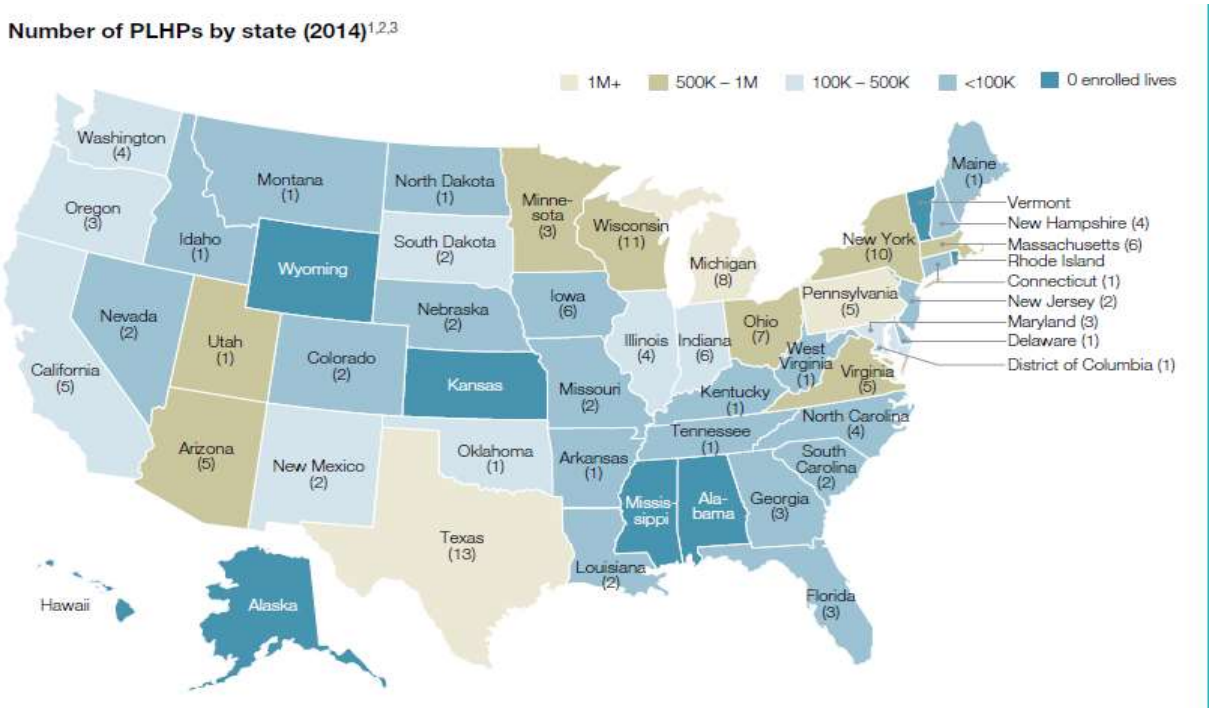

Figure 6. Provider-Led Health Plans by State

PLHP, provider-led health plan.
[1]Count of Medicare lives does not include cost products.
[2]Count of Medicaid lives and plans does not include the Visiting Nurse Service of New York or the Universal Care Medical Group because of differences in financial reporting.
[3]Health plans with fewer than 25 lives are excluded.

Source: NAIC 2010–14 end-of-year Supplementary Health Care Exhibits and its 2010–14 end-of-year Premium, Enrollment, and Utilization Exhibits; CMS August 2010–14 enrollment by county; McKinsey Provider Plan Database

The Brookings Institution and the Rockefeller Foundation (two national policy firms) released a report in 2010 which tells the story of the District of Columbia's shift from a provider of healthcare to the underserved and uninsured to a purchaser of healthcare services in an insurance-like model.[7]

[6] Gunjan Khanna, PhD, Ebben Smith, MD, Saum Sutaria, MD. *Provider-led health plans: The next frontier-or the 1990s all over again?*

[7] Jack A. Meyer, Randal R. Bovbjerg, Barbara A. Ormond, and Gina M. Lagomarisino. *Expanding Health Coverage in the District of Columbia: D.C.'s shift from providing services to subsidizing individuals and its continuing challenges in promoting health, 1999-2009.* December 2010.

Healthcare providers and health plans are integrating vertically through consolidation and virtually through risk sharing in Accountable Care Organizations (ACO). The number of contracts between ACOs and health plans is on the rise, reaching 715 in 2017.[8]

Opportunities to improve financial performance exist in vertically and virtually integrated partnerships. Vertically integrated organizations, like Central Health and its partners, should evaluate internal relationships to optimize financial performance (ex. Sendero & CCC). Entering accountable care structures can significantly impact the bottom line for the health plan and for the enterprise.

Innovating care for patients in the safety net has been an ongoing process for decades. Leading safety-net entities, like Central Health, have long been innovative in their efforts to coordinate care and link people to support services they need to get and stay healthy.[9] Clearly, limited resources can constrain an organization dedicated to the safety net in their efforts to innovate care delivery, but constraints do not reduce the potential for innovation.

In examining the various service lines, the Affordable Care Act (ACA) exchange market continues to rapidly change in Texas and nationwide. The Brookings Institution published a report in 2017 detailing the changes in the ACA exchange market.[10] Five insurers pulled out of the Austin market leading up to the 2017 open enrollment period. This means that the Austin market has gone from nine insurers offering plans in 2015 to only three in 2017. There was also some disagreement amongst the people Brookings spoke with on whether Blue Cross/Blue Shield (BCBS) could pull out of the Texas exchange markets statewide. Some thought there was a 50/50 chance it would happen in 2018, others believe that Texas has more in common with New York and Pennsylvania than with markets where BCBS has withdrawn. The large metropolitan populations, separated by geographic distance would tend to keep BCBS in the Texas exchange market.

External Benchmarking

Health Plan Metrics

In developing dashboards and identifying metrics to assess the performance of a health plan, it is important to start with a basic understanding of the crucial metric of Medical Loss Ratios (MLR). MLR is the percent of premium an insurer spends on claims and expenses that improve health care quality or total losses paid out in medical claims plus adjusted expenses divided by the total earned premium. It measures the fraction of the total insurance premiums that health plans use on clinical services as opposed to

[8] David Muhlestein, Robert Saunders, Mark McClellan. "Growth of ACOs and Alternative Payment Models in 2017", *Health Affairs, June 28, 2017.*

[9] Martha Hostetter and Sarah Klein. "In Focus: Innovating Care Delivery in the Safety Net", *Quality Matters, Dec 2014/Jan 2015.*

[10] Michael A. Morrisey & Tiffany A. Radcliff. *A Study of Affordable Care Act Competitiveness in Texas.* February 2017.

administration and profit. **In Texas, at least 80% of the MLR must be used on medical claims.**

Health plans with strong cash flows tend to have lower medical loss ratios, even as medical loss ratios have increased nationally. The profit margin ratio of provider-sponsored health plans with strong cash flows declined over a two-year period. Rising medical loss ratios may be a main reason.[11] In 2013, the average risk-based capital (RBC) ratio for the strong cash flow group was significantly higher than it was for the weak cash flow group. Risk-based capital is a method of measuring the minimum amount of capital appropriate to support the overall business operations of a plan. It appears that provider-sponsored health plans have the capital necessary to finance expansion into commercial markets and government programs.

A study published in *Managed Care*[12] examined twenty-four (24) provider-sponsored health plans with an average cash flow margin in the top 75th percentile, which they defined as "strong cash flow" and compared their performance with seventy-two (72) plans, which were defined as "weak cash flow". The results (*Table 1)* show that strong cash flow plans average a cash flow margin ratio of 6.6% and weak cash flow plans average a cash flow margin of -0.4%. The cash flow margin ratio is a measure of how efficiently the plan converts the dollars coming in to services going out. The net worth capital position for both groups was more than 4.5 times authorized capital. What the analysis showed was that strong cash flow margin plans are managing their medical costs to achieve that position. Although their medical loss ratio increased by almost 300 basis points from 2011 to 2013, it was still statistically significantly lower than the weaker cash flow group. Both strong and weak cash flow margin plan groups possessed sufficient capital to ensure the viability of the plans.

[11] McCue, Michael J. "Assessing the Financial Condition of Provider-Sponsored Health Plans," *Managed Care,* June 2015.
[12] Only Provider-Sponsored Health Plans

Table 1. Financial Condition of Provider-Sponsored Health Plans[13]

	Strong cash flow PSHPs (n=24)		Weak Cash Flow PSHPs (n=72)		
	Mean	**SD**	**Mean**	**SD**	***P* value**
2013 Plans					
Medical Loss Ratio	86.4%	4.85%	90.3%	5.85%	<.001
Administrative Costs	13.1%	6.38%	12.2%	4.75%	.52
Profit Margins Ratio	0.4%	6.46%	-2.5%	6.48%	.04
Cash Flow Martin Ratio	6.6%	6.4%	-0.4%	5.20%	<.001
2012 Plans					
Medical Loss Ratio	83.5%	7.28%	90.8%	7.58%	<.001
Administrative Costs	14.1%	6.72%	11.7%	3.90%	.03
Profit Margin Ratio	2.3%	7.80%	-2.6%	7.30%	.01
Cash Flow Margin Ratio	5.9%	6.90%	-1.6%	6.20%	<.001
2011 Plans					
Medical Loss Ratio	83.5%	5.28%	89.1%	5.79%	<.001
Administrative Costs	13.9%	6.98%	11.5%	4.18%	.04
Profit Margins Ratio	2.5%	7.63%	-0.6%	5.79%	.03
Cash Flow Margin Ratio	6.5%	5.40%	0.1%	3.90%	<.001

Qualitative Benchmarking with National Comparators

Looking across the country at comparable health districts and their efforts to provide insurance coverage needs for their communities, there are a wide variety of strategies impacted by the structure of the health districts and their markets. Other health districts in Texas chose to operate plans and have seen enrollment grow over the last several years. Larger health districts in states that expanded Medicaid, like Cook County, Denver Health and New York's Health and Hospitals Corporation have had very successful plan expansions during the period after ACA.

Palm Beach County Health District (FL) has been identified in the past as being comparable to Central Health and Austin in many respects. After the rollout of the Affordable Care Act, Palm Beach County Health District shuttered its Vita health program designed to fill needed gaps because most enrollees were eligible for insurance exchange plans. They also shut down their personal Health Plan of Healthy Palm Beaches (PHP) as a Medicaid HMO because of changes in the state Medicaid program. In its place, they identified a new coverage gap and expanded their District Cares Program (formerly Coordinated Care) for individuals without other options.

[13] Michael J. McCue. "Assessing the Financial Condition of Provider-Sponsored Health Plans", *Managed Care,* June 2015.

Table 2. Qualitative Benchmarks to Comparators (specific to enrollment in publicly supported health plans)

Comparator	Medicaid Expansion State	Health Plan (Y/N)	Enrollment in Health Plans (public info)	Charity Care Health Plan
Central Health	No	Yes	54,893	Yes
Memorial Hermann, Houston, TX	No	Yes	19,723	No
Parkland Health & Hospital System	No	Yes	196,336	No
El Paso Health	No	Yes	75,639	Yes
Cook County, IL	Yes	Yes	183,000	Yes
Denver Health, CO	Yes	Yes	Undetermined	Yes
Jackson Health, FL	No	No	N/A	Yes
Lee Memorial, FL	No	No	N/A	Yes
MIHS, Phoenix, AZ	Yes	No	N/A	No
NYC HHC, NY	Yes	Yes	400,000+	No
Palm Beach County Health District, FL	No	No	N/A	Yes

Quantitative Benchmarking with Regional Comparators

While enrollment for El Paso First Health Plan and Parkland Community Health Plan remained relatively stable over the most recent reporting year, Sendero Health Plans and Memorial Hermann both saw significant increases during the first quarter of 2017 (*see Figure 7).*

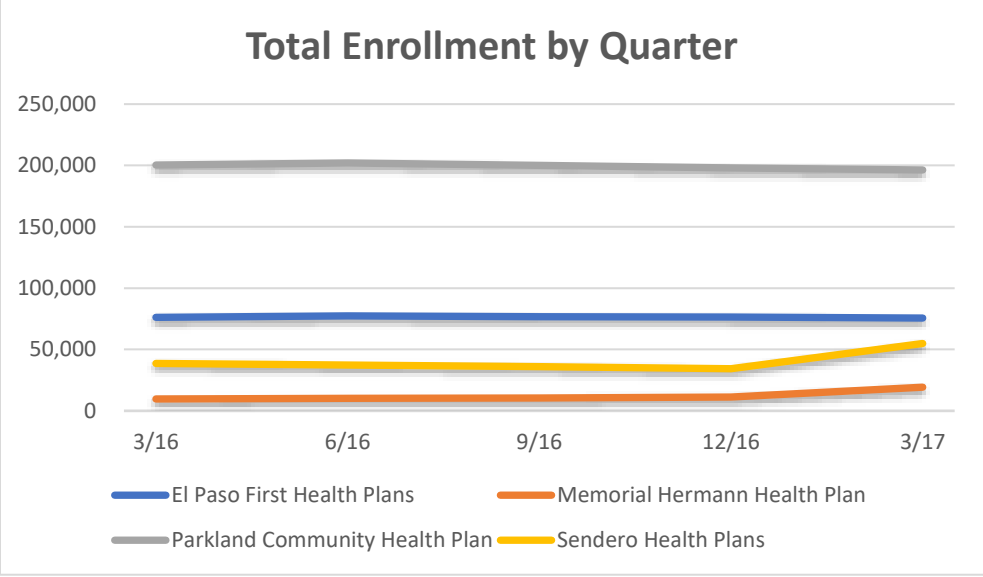

Figure 7. Total Enrollment in Texas Public Hospital Health Plans by Quarter (TX Dept of Insurance)

This drove an increase in both revenue and medical expenses in the first quarter of 2017 *(Figures 8 and 9)*.

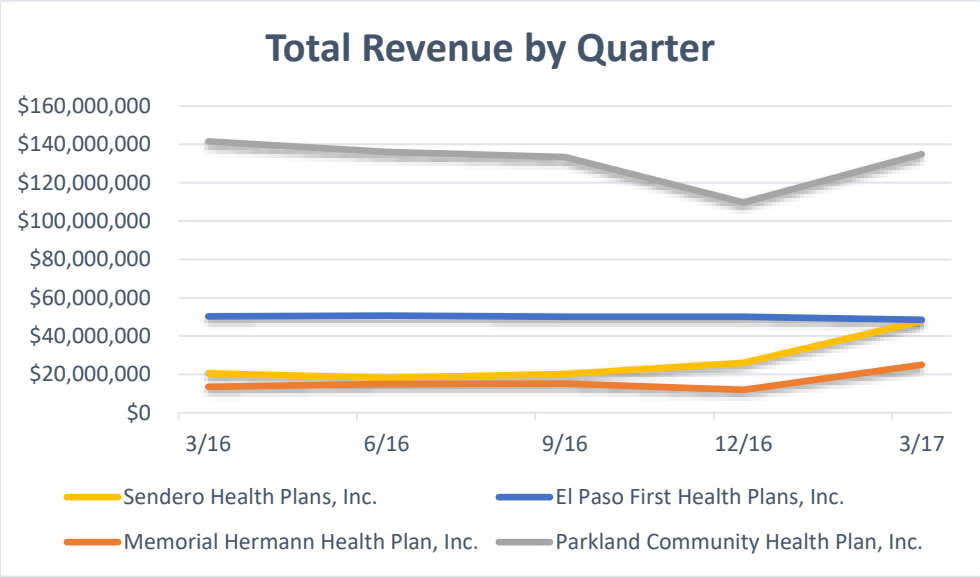

Figure 8. Total Revenue by Quarter (TX Dept of Insurance)

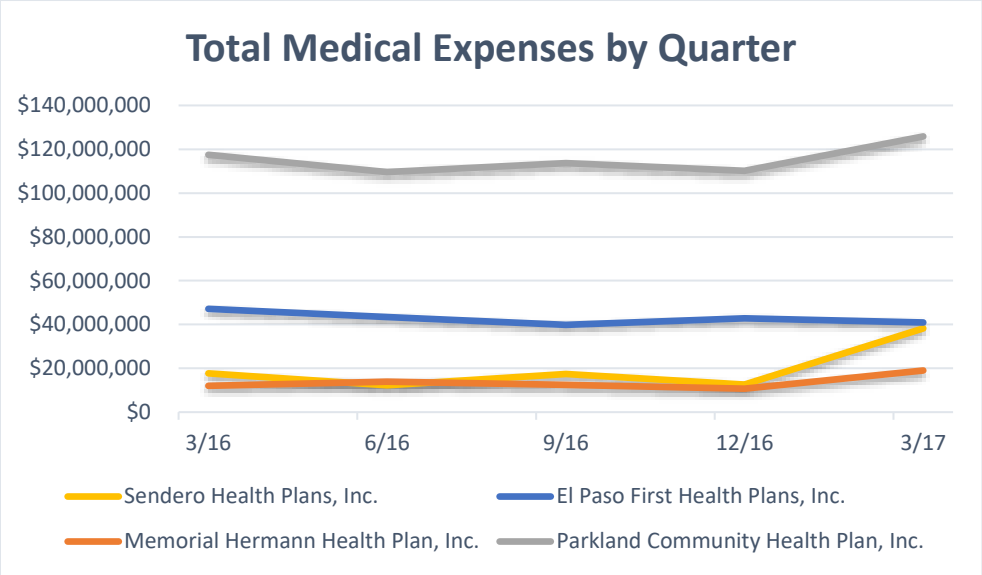

Figure 9. Total Medical Expenses by Quarter (TX Dept of Insurance)

Another way to look at this increase is by taking the total medical expenses and dividing it by the total number of enrolled members for that quarter (*Figure 10)*. Sendero's medical expenses increased during this reporting period, possibly because the individuals who were newly enrolled had access to services and chose to use them. The graph below illustrates that Sendero's medical expenses are farther from the baseline of Memorial Herrmann Health Plan and closer to El Paso First Health Plan.

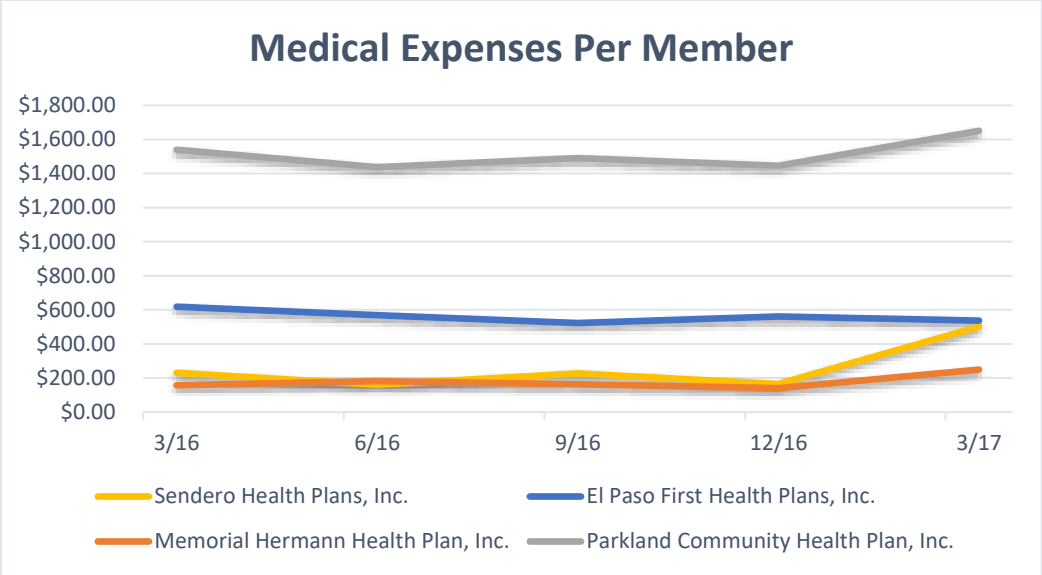

Figure 10. Medical Expenses per Member - Total Medical Expenses/Total Members (TX Dept of Insurance)

While volatility is always a part of the market dynamics of healthcare, the market for public health districts in Texas involved in the insurance market has added layers of complexity. This is clearly illustrated in looking at the net income after taxes by quarter for Sendero and its comparators *(Figure 11).* Note that every plan had at least one negative quarter over the previous reporting year and two of the plans had negative quarters that were significantly worse than the worst negative quarter for Sendero. No plan had a more positive quarter than the most positive quarter for Sendero.

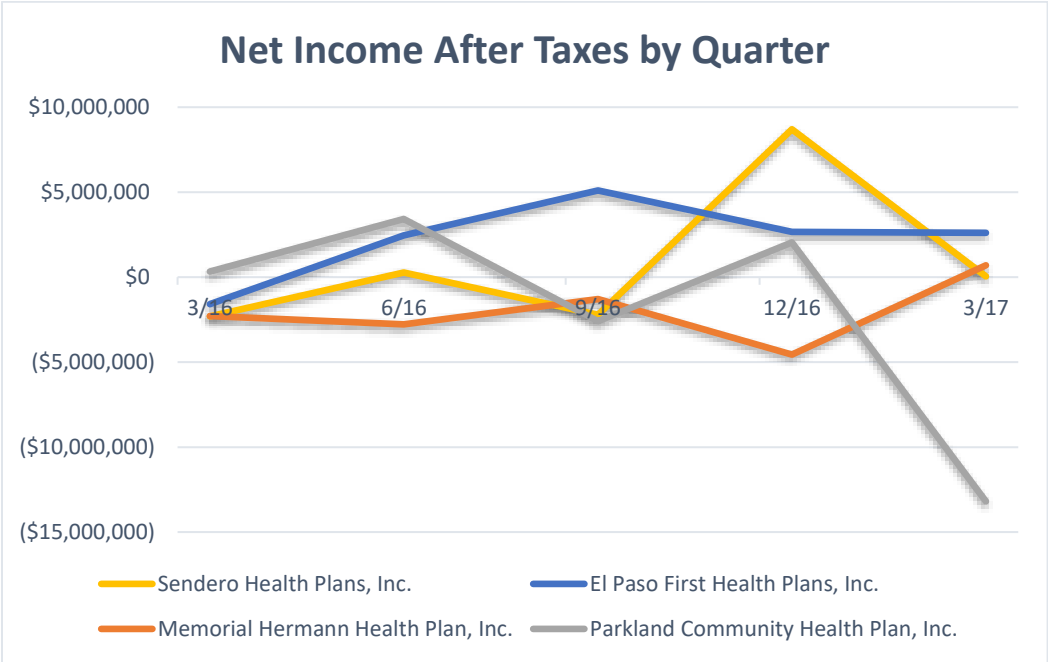

Figure 11. Net Income After Taxes by Quarter (TX Dept of Insurance)

Alternatives Analysis

The future of revenue for health care and that of a health plan are inter-mingled. Performance of provider-led health plans remains mixed nationally, with Central Health possessing characteristics and assets that provide opportunities and pitfalls in serving the residents of Travis County.

In exploring how Central Health might effectively use its resources to aid its mission and assist in improving insurance coverage for the people it serves, several alternatives were identified:

(1) Maintain the current operations and investment in Sendero Health Plans;
(2) Re-align some operations to seize additional economies of scale and allocate resources across the enterprise;
(3) Re-align risk groups within the insurance plans to optimize opportunities and results;
(4) Purchasing insurance from other plans for a segment of the service population outright.

Maintenance

Maintaining the current operations and investment in Sendero assumes that the current path is the correct path, there is still value in the investment and that the strategic benefit of having a health plan overcomes the challenges and burdens. Parkland Hospital and Health System, Memorial Hermann in Houston and El Paso Health District continue to offer their own health plans in the current market, as do many private hospitals in Texas. Policy changes at the federal or state level could make maintenance of the various service lines untenable or desirable, but there is opportunity to have a health plan serve as an asset within the Central Health portfolio. Central Health as an entity does not have a responsibility to provide a health plan, but it has established as a priority to provide healthcare coverage. There is a responsibility to be agile but also responsive to the community as it makes change. These changes must be intentional to manage transitions and maintain stability for the individuals being served. When transitions occur, Central Health must ensure that these changes are coordinated, other sources of coverage are available, and any transition is well managed and communicated.

Re-Alignment of Enterprise Resources

Re-alignment speaks to the array of resources within the Central Health enterprise and the ability to leverage those resources to deliver the required services and activities of a health plan. While fiscal and information technology activities have been brought under a shared services type model, there are other opportunities worth exploring.

The primary avenue reviewed during this process was utilization review activities that currently occur in both the Community Care Collaborative and Sendero Health Plans. There are existing models of commercial health plans who have outsourced their utilization review activities to a provider partner.[14] A similar model could be examined for the Central

[14] Optum White Paper. "Partnering in Utilization Review: A New Way for Health Plans to Compete"

Health enterprise, sharing responsibility for utilization review, leveraging expertise and reducing costs on both entities. Call center operations are another shared service avenue identified as a possibility for re-alignment, ensuring that members and patients get responsive services, but services are not duplicated across the enterprise. Care Coordination is a third opportunity for enterprise-wide resource allocation.

Re-Alignment of Risk Groups

The risk adjustment mechanism within the Affordable Care Act (ACA) continues to cause issues for insurers across the country. The issue nationally has been that funds are inadequate to cover the losses incurred by those with high-morbidity members. The risk scoring systems in Texas, however, favorably reimburse plans with high-risk members. This concept might be considered for applicability to Sendero Health Plans.

The problem of reintroducing the reinsurance program that allows insurers to be compensated for cases above some threshold could occur. The risk adjustment mechanism could be more nationally based rather than state based, following the Medicare advantage model.

While the risk adjustment mechanism has certainly impacted Sendero and Central Health's investment, repositioning populations that would advantage the risk calculation for Sendero could create substantial positive cash flow. This would occur by reducing the risk adjustment penalty or eliminating it entirely.

Purchasing Insurance Outright

One avenue Central Health could consider for certain populations is purchasing their insurance outright from a commercial managed plan. National benchmarks show that this has not been a viable strategy in full (all coverage purchased) but has been deployed for specific risk populations.

Nationally, the strategy of purchasing health insurance for high-risk populations hasn't been viable because carriers tend not to accept them or impose a substantial premium subsidy. It is possible that public health entities could decide to pay the subsidy on behalf of its members. There are scenarios that could be envisioned under a different regulatory and/or market environment where this strategy might be viable for specific populations or coverage options.

Even under the full extent of this scenario, Central Health would want to maintain the shell of an insurance company presence (the name, certificate of authority in an inactive status and some minimal capitalization) for potential strategic opportunities and to enter into risk-based/accountable care arrangements in the future. This alternative would not be preferred in the current environment because of the lack of control over cost, network and covered services this option provides and the viability of exploring other alternatives, but it should not be ignored as a possibility when drivers in the market change. Central Health has a

responsibility and a strategic goal of providing the best coverage options to the citizens it serves and there could come a day when simply purchasing coverage from available options in the market is the best option.

No matter which strategy Central Health adopts in the coverage arena it is paying for healthcare services. Whether you pay for uncompensated care, put individuals on MAP, sell insurance through Sendero or purchase services outright you are paying for health care. Looking at the cost of paying premiums for individuals on the open market against the costs of running a plan or the costs of providing uncompensated care are useful discussions and exercises to pursue in helping stakeholders understand what running a plan is ultimately about.

Conclusion

Central Health has made a commitment and investment in providing insurance coverage options to the low-income and underserved residents of Travis County. While investment in a health plan is not the only way to meet that goal, it is a point of leverage and part of the strategic footprint. Some role in health plan coverage continues to be advantageous in an environment of uncertainty around activity and opportunity at the state and federal level. Central Health must ensure that the right metrics are used to:

- evaluate ongoing performance;
- understand the full range of alternatives in continuing the current model of providing coverage; and
- to know how the local market is reacting and the needs of Travis County residents.

Examining the deployment of resources through the lens of providing healthcare and paying for healthcare, regardless of whether the mechanism is providing an insurance product or paying for the services directly, can still meet Central Health's goals. All these steps are part of a longer process of ensuring Central Health can maximize its opportunities and meet its goals, using tax payer dollars efficiently and effectively to meet the needs of the community, and delivering the highest quality care at the lowest cost possible.

Appendix – Texas Department of Insurance Tables – Regional Comparators

INCOME STATEMENT DATA
FIRST QUARTER 2017
COMMERCIAL RISK PREMIUMS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$0	$0	$0	$0	$0
Memorial Hermann Health Plan, Inc.	$4,738,721	$5,045,304	$5,298,293	$1,270,153	$13,841,153
Parkland Community Health Plan, Inc.	$0	$0	$0	$0	$0
Sendero Health Plans, Inc.	$10,647,563	$8,013,386	$9,816,297	$16,040,326	$37,626,144

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICARE (BASIC) PREMIUMS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$0	$0	$0	$0	$0
Memorial Hermann Health Plan, Inc.	$0	$0	$0	$0	$0
Parkland Community Health Plan, Inc.	$0	$0	$0	$0	$0
Sendero Health Plans, Inc.	$0	$0	$0	$0	$0

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICARE (ADVANTAGE) PREMIUMS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$0	$0	$0	$0	$0
Memorial Hermann Health Plan, Inc.	$8,827,292	$9,908,852	$9,971,590	$10,673,503	$11,178,300
Parkland Community Health Plan, Inc.	$0	$0	$0	$0	$0
Sendero Health Plans, Inc.	$0	$0	$0	$0	$0

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICARE (PART D) PREMIUMS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$0	$0	$0	$0	$0
Memorial Hermann Health Plan, Inc.	$0	$0	$0	$0	$0
Parkland Community Health Plan, Inc.	$0	$0	$0	$0	$0
Sendero Health Plans, Inc.	$0	$0	$0	$0	$0

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICAID PREMIUMS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$46,518,337	$46,727,069	$46,034,189	$46,196,773	$44,469,832
Memorial Hermann Health Plan, Inc.	$0	$0	$0	$0	$0
Parkland Community Health Plan, Inc.	$116,144,797	$115,371,038	$115,475,653	$121,282,750	$120,968,009
Sendero Health Plans, Inc.	$9,082,553	$9,160,873	$9,404,832	$9,049,980	$9,154,165

INCOME STATEMENT DATA
FIRST QUARTER 2017
POINT OF SERVICE RIDER COVERAGE PREM - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$0	$0	$0	$0	$0
Memorial Hermann Health Plan, Inc.	$0	$0	$0	$0	$0
Parkland Community Health Plan, Inc.	$0	$0	$0	$0	$0
Sendero Health Plans, Inc.	$0	$0	$0	$0	$0

INCOME STATEMENT DATA

INCOME STATEMENT DATA

FIRST QUARTER 2017
CHILDREN'S HEALTH INSURANCE PLAN PREMIUMS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$3,372,882	$3,612,840	$3,666,216	$3,683,245	$3,815,778
Memorial Hermann Health Plan, Inc.	$0	$0	$0	$0	$0
Parkland Community Health Plan, Inc.	$12,032,053	$13,337,082	$13,636,248	$13,374,700	$13,923,862
Sendero Health Plans, Inc.	$944,062	$991,235	$1,032,302	$1,025,857	$1,066,622

FIRST QUARTER 2017
TOTAL PREMIUMS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$49,891,219	$50,339,909	$49,700,405	$49,880,018	$48,285,610
Memorial Hermann Health Plan, Inc.	$13,566,013	$14,954,156	$15,269,883	$11,943,656	$25,019,453
Parkland Community Health Plan, Inc.	$128,176,850	$128,708,120	$129,111,901	$134,657,450	$134,891,871
Sendero Health Plans, Inc.	$20,674,178	$18,165,494	$20,253,431	$26,116,163	$47,846,931

INCOME STATEMENT DATA
FIRST QUARTER 2017
TOTAL OTHER REVENUE - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$326,844	$328,336	$331,695	$334,451	$335,594
Memorial Hermann Health Plan, Inc.	$0	$0	$0	$0	$0
Parkland Community Health Plan, Inc.	$0	$0	$0	$0	$0
Sendero Health Plans, Inc.	($176,831)	$72,006	$13,338	$91,487	$0

INCOME STATEMENT DATA
FIRST QUARTER 2017
RISK REVENUE - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$0	$0	$0	$0	$0
Memorial Hermann Health Plan, Inc.	$0	$0	$0	$0	$0
Parkland Community Health Plan, Inc.	$0	$0	$0	$0	$0
Sendero Health Plans, Inc.	$0	$0	$0	$0	$0

INCOME STATEMENT DATA
FIRST QUARTER 2017
TOTAL REVENUE - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$50,218,063	$50,668,245	$50,032,100	$50,114,779	$48,502,418
Memorial Hermann Health Plan, Inc.	$13,566,013	$14,954,156	$15,269,883	$11,943,656	$25,019,453
Parkland Community Health Plan, Inc.	$141,535,789	$136,052,412	$133,355,848	$109,710,272	$134,891,871
Sendero Health Plans, Inc.	$20,497,347	$18,237,500	$20,266,769	$26,116,177	$47,846,931

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICAL AND HOSPITAL EXPENSES - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$47,158,269	$43,406,427	$39,851,361	$42,804,509	$40,878,131
Memorial Hermann Health Plan, Inc.	$11,985,282	$13,899,642	$12,406,715	$10,722,932	$19,021,319
Parkland Community Health Plan, Inc.	$117,417,107	$109,593,123	$113,666,329	$110,186,331	$125,854,797
Sendero Health Plans, Inc.	$17,667,805	$12,273,129	$17,379,579	$12,582,665	$38,240,409

INCOME STATEMENT DATA
FIRST QUARTER 2017
ADMINISTRATIVE & OTHER EXPENSES - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
TOTAL EXPENSES - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	$4,712,782	$4,803,796	$5,267,633	$4,896,306	$5,201,693	$51,871,051	$48,210,223	$45,118,994	$47,700,815	$46,079,824
Memorial Hermann Health Plan, Inc.	$5,266,751	$4,628,594	$4,864,099	$5,398,771	$5,446,654	$17,252,033	$18,528,236	$17,270,814	$16,121,703	$24,467,973
Parkland Community Health Plan, Inc.	$24,263,897	$23,464,547	$22,726,205	($2,135,024)	$22,626,597	$141,681,004	$133,057,670	$136,392,534	$108,051,307	$148,481,394
Sendero Health Plans, Inc.	$5,136,959	$5,685,054	$5,101,540	$4,832,194	$9,561,591	$22,804,764	$17,958,183	$22,481,119	$17,414,859	$47,802,000

INCOME STATEMENT DATA
FIRST QUARTER 2017
NET INCOME BEFORE TAXES - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
NET INCOME AFTER TAXES - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	($1,588,473)	$2,462,219	$5,101,647	$2,668,078	$2,610,526	($1,588,473)	$2,462,219	$5,101,647	$2,668,078	$2,610,526
Memorial Hermann Health Plan, Inc.	($3,679,161)	($3,574,080)	($1,990,325)	($4,174,268)	$555,115	($2,283,489)	($2,775,940)	($1,289,027)	($4,556,297)	$697,394
Parkland Community Health Plan, Inc.	$337,949	$3,422,946	($2,583,564)	$2,040,740	($13,192,864)	$337,949	$3,422,946	($2,583,564)	$2,040,740	($13,192,864)
Sendero Health Plans, Inc.	($2,306,023)	$281,284	($2,212,820)	$8,702,947	$52,075	($2,306,023)	$281,284	($2,212,820)	$8,702,947	$52,075

INCOME STATEMENT DATA
FIRST QUARTER 2017
NET INCOME AFTER TAXES - YTD - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
TOTAL ENDING ENROLLMENT - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	($1,588,473)	$873,746	$5,975,393	$8,643,471	2,610,526	76,238	77,394	76,622	76,584	75,639
Memorial Hermann Health Plan, Inc.	($2,283,489)	($5,059,429)	($6,348,456)	($10,904,753)	697,394	9,668	10,139	10,481	11,195	19,273
Parkland Community Health Plan, Inc.	$337,949	$3,760,895	$1,177,331	$3,218,071	(13,192,864)	200,269	202,028	200,156	197,988	196,336
Sendero Health Plans, Inc.	($2,306,023)	($2,024,739)	($4,237,559)	$4,465,388	52,075	38,583	37,263	35,970	34,324	54,893

INCOME STATEMENT DATA **INCOME STATEMENT DATA**

FIRST QUARTER 2017
CUMULATIVE MEMBER MONTHS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	227,630	230,364	229,482	229,922	227,390
Memorial Hermann Health Plan, Inc.	28,416	29,700	30,947	32,769	55,598
Parkland Community Health Plan, Inc.	607,933	599,872	594,832	594,010	589,704
Sendero Health Plans, Inc.	106,441	111,892	108,846	94,236	162,703

FIRST QUARTER 2017
CUMULATIVE MEMBER MONTHS - YTD - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	227,630	457,994	687,476	917,398	227,390
Memorial Hermann Health Plan, Inc.	28,416	58,116	89,063	121,832	55,598
Parkland Community Health Plan, Inc.	607,933	1,207,805	1,802,637	2,396,647	589,704
Sendero Health Plans, Inc.	106,441	218,333	327,179	421,415	162,703

INCOME STATEMENT DATA
FIRST QUARTER 2017
GROUP ENDING ENROLLMENT - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0
Memorial Hermann Health Plan, Inc.	3,743	4,117	4,292	4,875	7,307
Parkland Community Health Plan, Inc.	0	0	0	0	0
Sendero Health Plans, Inc.	0	0	0	0	0

INCOME STATEMENT DATA
FIRST QUARTER 2017
GROUP MEMBER MONTHS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0
Memorial Hermann Health Plan, Inc.	11,405	23,141	35,719	49,631	21,014
Parkland Community Health Plan, Inc.	0	0	0	0	0
Sendero Health Plans, Inc.	0	0	0	0	0

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICARE ENDING ENROLLMENT (BASIC) - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0
Memorial Hermann Health Plan, Inc.	0	0	0	0	0
Parkland Community Health Plan, Inc.	0	0	0	0	0
Sendero Health Plans, Inc.	0	0	0	0	0

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICARE ENDING ENROLLMENT (ADVANTAGE) - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICARE ENDING ENROLLMENT (PART D) - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0
Memorial Hermann Health Plan, Inc.	3,907	3,989	4,083	4,170	4,675	0	0	0	0	0
Parkland Community Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Sendero Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICARE (BASIC) MEMBER MONTHS - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICARE (PART D) MEMBER MONTHS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0
Memorial Hermann Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Parkland Community Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Sendero Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICARE (BASIC) MEMBER MONTHS - YTD - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICARE (ADVANTAGE) MEMBER MONTHS - YTD - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0
Memorial Hermann Health Plan, Inc.	0	0	0	0	0	11,605	23,484	35,656	48,066	14,046
Parkland Community Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Sendero Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICARE (PART D) MEMBER MONTHS - YTD - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICAID ENDING ENROLLMENT - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0	65,704	66,585	65,992	66,082	64,841
Memorial Hermann Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Parkland Community Health Plan, Inc.	0	0	0	0	0	175,935	174,763	173,065	170,636	168,225
Sendero Health Plans, Inc.	0	0	0	0	0	12,481	12,905	12,900	13,305	13,248

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICAID MEMBER MONTHS - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
MEDICAID MEMBER MONTHS - YTD - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	196,825	198,387	197,557	198,706	195,253	196,825	395,212	592,769	791,475	195,253
Memorial Hermann Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Parkland Community Health Plan, Inc.	532,964	519,898	513,533	513,212	505,349	532,964	1,052,862	1,566,395	2,079,607	505,349
Sendero Health Plans, Inc.	37,036	38,929	39,728	40,244	39,667	37,036	75,965	115,693	155,937	39,667

INCOME STATEMENT DATA
FIRST QUARTER 2017
INDIVIDUAL ENDING ENROLLMENT - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
INDIVIDUAL MEMBER MONTHS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	10,534	10,809	10,630	10,502	10,798	30,805	31,977	31,925	31,216	32,137
Memorial Hermann Health Plan, Inc.	2,018	2,033	2,106	2,150	7,291	5,406	6,085	6,197	6,447	20,538
Parkland Community Health Plan, Inc.	24,334	27,265	27,091	27,352	28,111	74,969	79,974	81,299	80,798	84,355
Sendero Health Plans, Inc.	24,185	22,409	21,095	19,009	39,549	63,215	66,814	62,963	47,958	116,868

INCOME STATEMENT DATA
FIRST QUARTER 2017
INDIVIDUAL MEMBER MONTHS - YTD - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
OTHER ENDING ENROLLMENT - TEXAS

BASIC SERVICE HMOs	3/16	6/16	9/16	12/16	3/17	3/16	6/16	9/16	12/16	3/17

	Quarter	Quarter	Quarter	Quarter	Quarter	Quarter	Quarter	Quarter	Quarter	Quarter
El Paso First Health Plans, Inc.	30,805	62,782	94,707	125,923	32,137	0	0	0	0	0
Memorial Hermann Health Plan, Inc.	5,406	11,491	17,688	24,135	20,538	0	0	0	0	0
Parkland Community Health Plan, Inc.	74,969	154,943	236,242	317,040	84,355	0	0	0	0	0
Sendero Health Plans, Inc.	63,215	130,029	192,992	240,950	116,868	1,917	1,949	1,975	2,010	2,096

INCOME STATEMENT DATA
FIRST QUARTER 2017
OTHER MEMBER MONTHS - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
OTHER MEMBER MONTHS - YTD - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0
Memorial Hermann Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Parkland Community Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Sendero Health Plans, Inc.	6,190	6,149	6,155	6,034	6,168	6,190	12,339	18,494	24,528	6,168

INCOME STATEMENT DATA
FIRST QUARTER 2017
COMMERCIAL RISK ENROLLMENT - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
COMMERCIAL RISK CUMULATIVE MEMBER MONTHS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0
Memorial Hermann Health Plan, Inc.	5,761	6,150	6,398	7,025	14,598	16,811	17,821	18,775	20,359	41,552
Parkland Community Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Sendero Health Plans, Inc.	24,185	22,409	21,095	19,009	39,549	63,215	66,814	62,963	47,958	116,868

INCOME STATEMENT DATA
FIRST QUARTER 2017
POINT OF SERVICE RIDER COVERAGE ENDING ENROLLMENT - TX

INCOME STATEMENT DATA
FIRST QUARTER 2017
POINT OF SERVICE RIDER COVERAGE MEMBER MONTHS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0
Memorial Hermann Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Parkland Community Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Sendero Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0

INCOME STATEMENT DATA
FIRST QUARTER 2017
CHILDREN'S HEALTH INS. PROGRAM ENDING ENROLLMENT - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	10,534	10,809	10,630	10,502	10,798
Memorial Hermann Health Plan, Inc.	0	0	0	0	0
Parkland Community Health Plan, Inc.	24,334	27,265	27,091	27,352	28,111
Sendero Health Plans, Inc.	1,917	1,949	1,975	2,010	2,096

INCOME STATEMENT DATA
FIRST QUARTER 2017
CHILDREN'S HEALTH INS. PROGRAM CUMULATIVE MEMBER MTHS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	30,805	31,977	31,925	31,216	32,137
Memorial Hermann Health Plan, Inc.	0	0	0	0	0
Parkland Community Health Plan, Inc.	74,969	79,974	81,299	80,798	84,355
Sendero Health Plans, Inc.	6,190	6,149	6,155	6,034	6,168

INCOME STATEMENT DATA
FIRST QUARTER 2017
PROVIDER ENDING ENROLLMENT - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
PROVIDER MEMBER MONTHS - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0
Memorial Hermann Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Parkland Community Health Plan, Inc.	0	0	0	0	0	0	0	0	0	0
Sendero Health Plans, Inc.	0	0	0	0	0	0	0	0	0	0

INCOME STATEMENT DATA
FIRST QUARTER 2017
PROVIDER MEMBER MONTHS - YTD - TEXAS

INCOME STATEMENT DATA
FIRST QUARTER 2017
TOTAL ENDING ENROLLMENT less PROVIDER HMO - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	0	0	0	0	0	76,238	77,394	76,622	76,584	75,639
Memorial Hermann Health Plan, Inc.	0	0	0	0	0	9,668	10,139	10,481	11,195	19,273
Parkland Community Health Plan, Inc.	0	0	0	0	0	200,269	202,028	200,156	197,988	196,336
Sendero Health Plans, Inc.	0	0	0	0	0	38,583	37,263	35,970	34,324	54,893

INCOME STATEMENT DATA
FIRST QUARTER 2017
TOTAL MEMBER MONTHS less PROVIDER HMO - TEXAS

BASIC SERVICE HMOs	3/16 Quarter	6/16 Quarter	9/16 Quarter	12/16 Quarter	3/17 Quarter
El Paso First Health Plans, Inc.	227,630	230,364	229,482	229,922	227,390
Memorial Hermann Health Plan, Inc.	28,416	29,700	30,947	32,769	55,598
Parkland Community Health Plan, Inc.	607,933	599,872	594,832	594,010	589,704
Sendero Health Plans, Inc.	106,441	111,892	108,846	94,236	162,703

INCOME STATEMENT DATA
FIRST QUARTER 2017
TOTAL MEMBER MONTHS less PROVIDER HMO - YTD - TEXAS

BASIC SERVICE HMOs	3/16	6/16	9/16	12/16	3/17

	Quarter	Quarter	Quarter	Quarter	Quarter
El Paso First Health Plans, Inc.	227,630	457,994	687,476	917,398	227,390
Memorial Hermann Health Plan, Inc.	28,416	58,116	89,063	121,832	55,598
Parkland Community Health Plan, Inc.	607,933	1,207,805	1,802,637	2,396,647	589,704
Sendero Health Plans, Inc.	106,441	218,333	327,179	421,415	162,703