



<b>HHSC UNIFORM MANAGED CARE MANUAL</b>	CHAPTER <b>5.3.1.34</b>	PAGE <b>1 of 9</b>
	EFFECTIVE DATE <b>November 1, 2016</b>	
<b>Administrative Expenses Financial Statistical Report (Admin FSR) Instructions</b>		<b>Version 2.5</b>

### DOCUMENT HISTORY LOG

STATUS <sup>1</sup>	DOCUMENT REVISION <sup>2</sup>	EFFECTIVE DATE	DESCRIPTION <sup>3</sup>
Baseline	2.0	November 15, 2013	<p>Initial version Uniform Managed Care Manual Chapter 5.3.1.34, "Admin Financial Statistical Report (FSR) Instructions."</p> <p>Version 2.0 applies to contracts issued as a result of HHSC RFP numbers 529-06-0293, 529-08-0001, 529-10-0020, 529-12-0002, and 529-12-0003 for reporting transactions occurring on or after September 1, 2013.</p>
Revision	2.1	June 15, 2014	Part 3 "Admin Cap" is modified to separate the calculations for medical and pharmacy.
Revision	2.2	November 21, 2014	Part 2 "Administrative Expenses – Allocation to Programs/SDAs" is modified to adjust the line numbers to include additional rows for Gross Revenues per FSR and Allocated Administrative Expenses.
Revision	2.3	August 15, 2015	<p>"Objective" is modified to exclude the Dual Demonstration and any Medicare-Medicaid Plan (MMP) costs.</p> <p>"FSR Page Headers" is modified to update the sample dates.</p> <p>Part 1 is modified to clarify Line 24.</p> <p>Part 3 "Admin Cap" is modified to include NAIP in the Maximum Allowed Admin calculation for reporting transactions occurring on or after March 1, 2015.</p> <p>Admin Cap calculation reflects changes in the STAR+PLUS admin formula for Nursing Facility premiums in effect March 1, 2015 and September 1, 2015.</p> <p>Version 2.3 applies to contracts issued as a result of HHSC RFP numbers 529-06-0293, 529-08-0001, 529-10-0020, 529-12-0002, 529-12-0003, 529-13-0042, 529-13-0071, and 529-15-0001 for reporting transactions occurring on or after September 1, 2013.</p>
Revision	2.4	April 1, 2016	"FSR Page headers" is modified to replace 334 Day with 210 Day as option for type of FSR.
Revision	2.4	November 1, 2016	Version 2.5 applies to contracts issued as a result of



<b>HHSC UNIFORM MANAGED CARE MANUAL</b>	CHAPTER <b>5.3.1.34</b>	PAGE <b>2 of 9</b>
	EFFECTIVE DATE <b>November 1, 2016</b>	
<b>Administrative Expenses Financial Statistical Report (Admin FSR) Instructions</b>		<b>Version 2.5</b>

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			HHSC RFP numbers 529-08-0001, 529-10-0020, 529-12-0002, 529-12-0003, 529-13-0042, 529-13-0071, and 529-15-0001 for reporting transactions occurring on or after September 1, 2013, and prior to September 1, 2016.
<sup>1</sup> Status should be represented as "Baseline" for initial issuances, "Revision" for changes to the Baseline version, and "Cancellation" for withdrawn versions. <sup>2</sup> Revisions should be numbered according to the version of the issuance and sequential numbering of the revision—e.g., "1.2" refers to the first version of the document and the second revision. <sup>3</sup> Brief description of the changes to the document made in the revision.			



<b>HHSC UNIFORM MANAGED CARE MANUAL</b>	CHAPTER	PAGE
	5.3.1.34	3 of 9
<b>Administrative Expenses Financial Statistical Report (Admin FSR) Instructions</b>	EFFECTIVE DATE	
	<b>November 1, 2016</b> <b>Version 2.5</b>	

## Objective

Objective is modified by Version 2.3

Chapter 5.3.1.34 provides instructions necessary to complete the Administrative Expenses Financial Statistical Report (Admin FSR) and the Data Certification Form. All MCOs contracting with the State of Texas to arrange for or to provide healthcare to enrollees in the STAR, STAR+PLUS, CHIP, STAR Health, STAR+PLUS Expansion, CHIP Rural Service Area (RSA), Medicaid Rural Service Area (MRSA) or the Dental Program must submit an aggregate Admin FSR in accordance with the Contract for Services between HHSC and MCO, and in accordance with the instructions below.

Please note this Chapter does not apply to the Texas Dual Eligibles Integrated Care Demonstration (Dual Demonstration) Project or administrative expenses incurred from participation in a Dual Eligibles Medicare-Medicaid Plan (MMP). Do not include any MMP costs in the aggregate Admin FSR.

## General

All Admin FSRs must be completed using the locked Microsoft Excel template provided by HHSC. Data integrity is critical to the automated compilation of the data. Do not alter the file name, sheet names, existing cell locations, or formatting of the data in the file and sheets. Do not add or delete any columns or rows. **Any deviations from the locked template will render the Admin FSR unreadable by the software application and therefore unacceptable to HHSC.**

All shaded data fields in the FSR represent fields where data input is required. In order to maintain consistency please ensure that the data input is in black. All data fields not shaded represents referenced data or calculations. All line numbers in these instructions refer to the line numbers in column A on each worksheet.

**Cells can be linked within the template but there can be no outside links to the MCO Accounting Systems or other contractor sources.**

## FSR Page Headers

FSR Page Headers is modified by Versions 2.3 and 2.4

Header information entered on Part 1 populates header data for all the other sheets; please make sure Part 1 is entered correctly. Enter the following information on Part 1:

**MCO Name:** Select the MCO's name from the drop-down menu.

**State Fiscal Year:** Select the State Fiscal Year (SFY) from the drop-down menu.

**Submission Date:** Enter the month, day, and year, e.g., 6/30/2015.



<b>HHSC UNIFORM MANAGED CARE MANUAL</b>	CHAPTER	PAGE
	<b>5.3.1.34</b>	<b>4 of 9</b>
<b>Administrative Expenses Financial Statistical Report (Admin FSR) Instructions</b>	EFFECTIVE DATE	
	<b>November 1, 2016</b>	
	<b>Version 2.5</b>	

**Submission Type:** Enter the type of FSR, e.g., Quarterly; Year End + 90 Days; Year End + 210 Days,  
**Rptg Period End Date:** Enter month, day, and year, e.g., 5/31/2015.

### **Part 1: Administrative Expenses**

Part 1 is modified by Version 2.3

See **Cost Principles for Expenses**, Chapter 6.1 of the Uniform Managed Care Manual for allowable administrative expenses. Include only administrative expenses that are directly or indirectly in support of the Texas Medicaid service delivery area operations of the MCO. For all expenses other than depreciation, include only paid administrative expenses in the Final FSR.

The following note is included on Part 1 of the Admin FSR **“Note: Unless an item is specifically stated otherwise, reporting of all amounts in the Admin expenses FSR is on an incurred basis (that is, reported in the period corresponding to dates the services were incurred, rather than to date paid). All prior quarters’ data must be updated to reflect the most recent actuals.”**

**Enter** the appropriate amounts on the following lines.

Line 1 Salaries, wages, and benefits, excl. bonuses Enter amounts incurred as salary, wages, or benefits to employees and other staff. Include Temps, Part-time staff, and non-employee staff that are paid as independent contractors. Include payroll taxes and overtime. Also include reimbursement of employee relocation expenses and professional licensing fees such as RNs and CPAs. Exclude bonuses, and the payroll taxes on bonuses.

Line 2 Bonuses Include bonuses and the payroll taxes on bonuses, and any associated gross-ups.

Line 3 Rent, Lease, or Mortgage Payment for Office Space Enter rent paid for space used by the MCO.

Line 4 Utilities (if not incl. in rent), excl. Phone/Telecom Enter payments for utility services used by the MCO.

Line 5 Phone / Telecom / Cell phones / T1 / Broadband Enter the monthly operating expense, but do not include hardware purchases.

Line 6 Equipment Lease or Rent, excl. Phone/Telecom Enter monthly operating leases or rental payments.



<b>HHSC UNIFORM MANAGED CARE MANUAL</b>	CHAPTER	PAGE
	<b>5.3.1.34</b>	<b>5 of 9</b>
<b>Administrative Expenses Financial Statistical Report (Admin FSR) Instructions</b>	EFFECTIVE DATE	
	<b>November 1, 2016</b>	
	<b>Version 2.5</b>	

Line 7 Computer Hardware/Software purch. uncapitalized Enter computer hardware and software purchases (including licenses) which by their nature or amount were not eligible for depreciation. See HHSC's Cost Principles for rules regarding capitalized items.

Line 8 Furniture, Fixtures, and other Equipment Purchased, uncapitalized Enter furniture, fixture or equipment purchases that by their nature or amount were not eligible for depreciation.

Line 9 Maintenance, Repairs, Custodial, and Security Enter expenses paid for maintenance, repairs, custodial and security services.

Line 10 Supplies, Postage, Freight, Printing Enter amounts paid for supplies, postage, freight, and printing services.

Line 11 Legal & Prof. Services, incl. External Audit, Tax, Consulting Enter the cost of professional or consulting services rendered by persons or organizations that are members of a particular profession or possess a special skill.

Line 12 Travel Expenses Enter the direct cost for transportation, lodging, subsistence, etc. incurred by employees traveling on official business specifically related to an HHSC program.

Line 13 Marketing, PR, and Outreach (excl. Salaries) Enter paid cost of marketing, public relations, and outreach.

Line 14 Taxes (excl. income taxes & premium taxes) & Licensing Enter all applicable taxes and licensing expenses; exclude Income Taxes, Premium Taxes, and Maintenance Taxes.

Line 15 Insurance Enter paid insurance premiums; exclude reinsurance premiums.

Line 16 Depreciation & Amortization Enter applicable depreciation and amortization charges for the period.

Line 17 Other Administrative Expenses Enter all other expenses not specifically identified in the above administrative expense classifications.

Line 18 Subtotal (specified in-house services) Calculated as sum of lines 1 through 17.

Line 19 Outsourced Services (Non-Capitated Arrangements) Enter all outsourced services not paid under a capitated arrangement, e.g., Third-Party Administrator (TPA).



<b>HHSC UNIFORM MANAGED CARE MANUAL</b>	CHAPTER	PAGE
	5.3.1.34	6 of 9
<b>Administrative Expenses Financial Statistical Report (Admin FSR) Instructions</b>	EFFECTIVE DATE	
	<b>November 1, 2016</b> <b>Version 2.5</b>	

Line 20 Outsourced Services (Capitated Arrangements) Enter the administrative component of the capitated subcontract in which the capitation is the funding source for paying claims for health care services performed. Example: BH, Vision

Line 21 PBM Admin Fees – Fees based on \$PMPM Enter the expenses associated with the administration of pharmacy services provided by a Pharmacy Benefit Manager (PBM) under a capitated arrangement.

Line 22 PBM Admin Fees – Fees based on transaction volume Enter the expenses associated with the administration of pharmacy services provided by a Pharmacy Benefit Manager (PBM) under a fee-based arrangement.

Line 23 PBM Fees – Other Enter the expenses associated with the administration of pharmacy services provided by a Pharmacy Benefit Manager (PBM) under an arrangement other than a \$PMPM or fee-based arrangement.

Line 24 Corporate Allocations Enter expenses allocated by the MCO’s parent or affiliates.

Line 25 Total Administrative Expenses Calculated as sum of lines 18 through 24 above.

Not Included in Total Administrative Above:

Line 26 Total Administrative Value Added Services Enter the administrative expenses paid by the MCO for healthcare services to Medicaid enrollees that are not covered under the HHSC Capitation nor reimbursed by HHSC. These expenses are the financial responsibility of the MCO. They are not included in Total Administrative Expenses in the FSR. The specific Value Added Services are included in the Contract for Services between HHSC and MCO.

Line 27 Outsourced Services (Non-Capitated Arrangements) Identify each vendor included in Line 19 of this part. Include the YTD dollar amount associated with each if more than one.

Line 28 Outsourced Services (Capitated Arrangements) Identify each vendor included in Line 20 of this part. Include the YTD dollar amount associated with each if more than one.

**Part 2: Administrative Expenses – Allocation to Programs / SDAs**

Line 1 Total Administrative Expenses Referenced from Part 1, Line 25, “Total Administrative Expenses.”



<b>HHSC UNIFORM MANAGED CARE MANUAL</b>	CHAPTER	PAGE
	<b>5.3.1.34</b>	<b>7 of 9</b>
<b>Administrative Expenses Financial Statistical Report (Admin FSR) Instructions</b>	EFFECTIVE DATE	
	<b>November 1, 2016</b>	
	<b>Version 2.5</b>	

Line 2 Total Gross Revenues Referenced from Line 25, “Total Gross Revenues.”

Line 3 Admin Cost as % of Gross Revenues Calculated as Line 1, “Total Administrative Expenses,” divided by Line 2, “Total Gross Revenues.”

Lines 4 through 26 Gross Revenues, per FSR Select the Program/Service Delivery Area from the drop-down menu. Enter the monthly gross revenues for each program/service area.

Line 27 Total Gross Revenues Calculated as sum of lines 4 through 26 above.

Lines 28 through 50 Allocated Administrative Expenses Each cell in this matrix is calculated as “Gross Revenues, per FSR” in the matrix of Lines 4 through 26, multiplied by Line 3, “Admin Cost as % of Gross Revenues.”

Line 51 Total Allocated Administrative Expenses Calculated as sum of lines 28 through 50 above.

### **Part 3: Administrative Expenses – Projected Impact of the Admin Cap**

Part 3 is modified by Versions 2.1

Line 1 Total Administrative Expenses Referenced from Part 1, Line 25, “Total Administrative Expenses.”

Line 2 Total Gross Premiums Calculated as the sum of Part 3, Line 17, “Total Medical Premiums +DSPs \$” plus Line 23 “Total Pharmacy Premiums \$.”

Line 3 Admin Cost as % of Gross Premiums Calculated as Line 1, “Total Administrative Expenses,” divided by Line 2, “Total Gross Premiums.”

Lines 4 through 9 # of Member-Months Enter the Member-Months for the applicable Programs.

Line 10 Total Member-Months Calculated as sum of lines 4 through 8 above.

Lines 11 through 17 Medical Premiums + DSPs \$ Enter medical premiums for the applicable Programs. Exclude interest, investment income, and Network Access Improvement Program payments. Include Delivery Supplemental Payments received for Medicaid and CHIP on Line 17.



<b>HHSC UNIFORM MANAGED CARE MANUAL</b>	CHAPTER	PAGE
	<b>5.3.1.34</b>	<b>8 of 9</b>
<b>Administrative Expenses Financial Statistical Report (Admin FSR) Instructions</b>	EFFECTIVE DATE	
	<b>November 1, 2016</b>	
<b>Version 2.5</b>		

Line 18 Network Access Improvement Program (NAIP) Enter the sum of Total NAIP Premiums from STAR and STAR+PLUS including any gross up for premium taxes and administrative expense.

Line 19 Total Medical Premiums + DSPs \$ Calculated as sum of lines 11 through 18 above.

Lines 20 through 24 Pharmacy Premiums \$ Enter only pharmacy premiums for the applicable Programs.

Line 25 Total Pharmacy Premiums \$ Calculated as sum of lines 20 through 24 above.

Line 26 MCO's Maximum Allowed Admin \$ Calculated based on the MCO's actuals entered in the lines above, and the applicable administrative expense portion of the Capitation Rate structure, which may include (i) a percentage of premiums paid, or (ii) a fixed dollar rate per Member Month, or (iii) a combination of premium percentage and fixed PMPM, as detailed in notification of final HHSC Capitation Rates. Line 26 is an estimate only. Please refer to UMCC Section 10.10.2 Administrative Expense Cap for calculation example.

Line 27 Max, expressed as a % of MCO's Gross Premiums Calculated in the YTD column as Line 26, "MCO's Maximum Allowed Admin \$," in the YTD column divided by Line 2, "Total Gross Premiums."

Line 28 Is MCO over the Maximum? If YTD Line 26, "MCO's Maximum Allowed Admin \$," is less than the YTD Line 1, "Total Administrative Expenses," the cell will display "Yes."

Line 29 If Yes: Total \$ over the Cap If formula on Line 28, "Is MCO over the Maximum," returns a "Yes" value, the YTD column is calculated to indicate difference between Line 26, "MCO's Maximum Allowed Admin \$," and Line 1, "Total Administrative Expenses." If the formula on Line 28, "Is MCO over the Maximum," returns a "No" value, the YTD column will display 'n/a'."

Line 30 Percentage Points of Admin If formula on Line 29, "If Yes: Total \$ over the Cap," returns n/a," Line 30 would display "n/a" on the YTD cell. If the formula does not return "n/a," the cell on the YTD column is calculated to indicate Line 29, "If Yes: Total \$ over the Cap," divided by Line 2, "Total Gross Premiums."

### **Data Certification Form**

#### **General Instructions:**



<b>HHSC UNIFORM MANAGED CARE MANUAL</b>	CHAPTER	PAGE
	<b>5.3.1.34</b>	<b>9 of 9</b>
<b>Administrative Expenses Financial Statistical Report (Admin FSR) Instructions</b>	EFFECTIVE DATE	
	<b>November 1, 2016</b>	
	<b>Version 2.5</b>	

1. The Data Certification Form must be submitted with the FSR Reports, and it must be signed by the CEO, CFO, or equivalent.
2. Certification of certain financial data is a Federal requirement.
3. It is acceptable to include the Data Certification Form pasted into the Certification tab as a PDF.

**Instructions for Completing Specific Data Fields:**

The name of the MCO, Document name, date of submission, state fiscal year (SFY), Program and service area will populate from header information entered in Part 1.

Data Field 4 – Enter the quarter designation, e.g., “Q3.”

Data Field 7 – Type or print the name and title of the person signing the Certification.

Data Field 9 – Sign the Certification.

Data Field 10 – Enter the date the form is signed without using a formula.