



Fourth Quarter 2014 Dissolution Progress Report

4Q 2014 Financial Highlights (Unaudited)

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| Pool Cash on Hand as of December 31, 2014: | \$ 5,729,096 |
| Medical Claims Paid (credits exceeded claims): | \$ (127,875) |
| Pharmacy Claims Paid (credits exceeded claims): | \$ (895,227) |
| Assessments Collected | \$ 5,485,353 |
| Assessments Refunded | \$17,886,367 |
| Subrogation Recoveries: | \$ 48,136 |
| Open Subrogation Cases as of December 31, 2014: | \$ 1,473,912 |
| Prompt Pay Penalties Collected: | \$11,551,412 |
| Prompt Pay Penalties Transferred to TDI: | \$13,508,574 |
| Prompt Pay Penalty Funds Held for TDI as of December 31, 2014: | \$11,171,002 |

4Q 2014 Operational Highlights

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|---|-------|
| Number of Medical Claims Processed by TPA ¹ : | 2,319 |
| Number of Pharmacy Claims Processed by PBM ² : | 10 |
| Number of Phone Calls Handled by Pool's TPA and PBM: | 1,564 |
| Number of Appeals Received by EDO ³ : | 5 |
| Number of Appeals Processed by EDO: | 5 |
| Number of Open Appeals as of December 31, 2014: | 1 |

¹ Third Party Administrator

² Pharmacy Benefit Manager

³ Pool Executive Director's Office

TEXAS HEALTH INSURANCE POOL
Fourth Quarter 2014 Activities Summary

Pool Staffing: EDO staffing during the quarter remained at one full-time employee (the Executive Director) and one part-time Accountant.

Federal Grants: All 4Q 2014 federal risk pool grant reports were filed with CMS.

TDI Reporting: The 3Q 2014 Dissolution Progress Report was submitted to the Commissioner on October 31, 2014. The Pool's 3Q 2014 financial statement was filed in November with TDI Financial Analysis.

Assessments: In October, the Pool mailed final assessment statements to 159 insurers and HMOs. A net \$12.4 million in surplus Pool funds was returned to insurance companies.

Prompt Pay Penalty Program: The EDO examined the penalties reported and paid to the Pool since January 2010, when state law was amended to redirect a share of prompt pay penalties to the Pool. During the quarter, the EDO contacted ± 60 insurers and HMOs about missing payments, missing reports, and inconsistencies with the prompt pay reports filed with TDI. Preliminary audit results indicate an additional $\pm \$1.5$ million in penalty payments may be owed to the Pool.

PBM Updates: In October, the Pool received payment of \$895,522 from Express Scripts (ESI), the Pool's PBM, associated with outpatient pharmacy drug rebate guarantees. In addition, an \$80,000 penalty was collected from ESI in December for noncompliance with a Y2013 contract performance standard for telephone service levels.

Unclaimed Money Fund: In November, the EDO identified and filed a \$4,082 claim, pending at quarter-end, for Pool funds held by the Texas State Comptroller.

Miscellaneous Administrative Activities:

In November, the Pool timely filed the Y2013 Form 990 with the Internal Revenue Service.

During the quarter, the EDO received 1 new request for records related to litigation between former Pool policyholders and third parties, and 2 responses to requests were completed.

In November, the EDO filed a claim for a share of the proposed Skelaxin class action drug case settlement. The timing of the distribution and the Pool's settlement amount are unknown at this time. In December, the Pool received a \$16,966 settlement check associated with a 2013 claim filed in the Flonase class action case.

Following a review of records, the number of Pool file boxes, stored at its off-site records facility, was reduced from 181 to 170.