



Table of Contents

Table of Contents	1
Independent Accountant's Report	2
Mental Health Legacy Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2022 Paid Through September 30, 2022	3
Mental Health Expansion Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2022 Paid Through September 30, 2022	4
Schedule of Adjustments and Comments for the State Fiscal Year Ended	5

MYERS AND STAUFFER www.myersandstauffer.com | page 1



State of Utah

Department of Health and Human Services
Salt Lake City, Utah

Independent Accountant's Report

We have examined the Medical Loss Ratio Report of Bear River Mental Health (health plan) Prepaid Mental Health Plan for the state fiscal year ended June 30, 2022. The health plan's management is responsible for presenting information contained in the Medical Loss Ratio (MLR) Report in accordance with the criteria set forth in the Code of Federal Regulations (CFR) 42 § 438.8 and other applicable federal guidance (criteria). This criteria was used to prepare the Adjusted Medical Loss Ratios. Our responsibility is to express an opinion on the Adjusted Medical Loss Ratios based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Adjusted Medical Loss Ratios are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Adjusted Medical Loss Ratios. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement of the Adjusted Medical Loss Ratios, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to our engagement.

The accompanying Adjusted Medical Loss Ratios were prepared from information contained in the Medical Loss Ratio Report for the purpose of complying with the criteria, and are not intended to be a complete presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Adjusted Medical Loss Ratios are presented in accordance with the criteria, in all material respects, and the Adjusted Medical Loss Ratios for the mental health legacy and expansion populations meet or exceed the Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) for the state fiscal year ended June 30, 2022.

This report is intended solely for the information and use of the Utah Department of Health and Human Services, Milliman, and the health plan and is not intended to be and should not be used by anyone other than these specified parties.

Myers and Stauffer LC Kansas City, Missouri August 15, 2023

MYERS AND STAUFFER www.myersandstauffer.com page 2

Adjusted Mental Health Medical Loss Ratio for the State Fiscal Year Ended June 30, 2022 Paid Through September 30, 2022

Adjusted Mental Health Medical Loss Ratio for the State Fiscal Year Ended June 30, 2022 Paid Through September 30, 2022						
Line #	Line Description	Reported Amounts		Adjustment Amounts	Adjusted Amounts	
1.	Medical Loss Ratio Numerator					
1.1	Incurred Claims	\$	9,855,918	\$ 9,633	\$ 9,865,551	
1.2	Activities that Improve Health Care Quality	\$	-	\$ -	\$ -	
1.3	MLR Numerator	\$	9,855,918	\$ -	\$ 9,865,551	
1.4	Non-Claims Costs (Not Included in Numerator)	\$	385,869	\$ (208,993)	\$ 176,876	
2.	Medical Loss Ratio Denominator					
2.1	Premium Revenue	\$	11,147,626	\$ -	\$ 11,147,626	
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$	208,993	\$ 1,135	\$ 210,128	
2.3	MLR Denominator	\$	10,938,633	\$ -	\$ 10,937,498	
3.	MLR Calculation					
3.1	Member Months		232,489	-	232,489	
3.2	Unadjusted MLR		90.1%	0.1%	90.2%	
3.3	Credibility Adjustment		1.4%	0.0%	1.4%	
3.4	Adjusted MLR		91.5%	0.1%	91.6%	
4.	Remittance					
4.2	State Minimum MLR Requirement		85.0%		85.0%	
4.6.2	Adjusted MLR				91.6%	
4.6.3	Meets MLR Standard		Yes		Yes	

^{*}The Non-Claims Costs line has not been subjected to the procedures applied in the examination, including testing for allowability of expenses or appropriate allocation to the Medicaid line of business. This includes adjustments identified during the course of the examination directly affecting the Non-Claims Costs line.

Accordingly, we express no opinion on the Non-Claims Costs line.

MYERS AND STAUFFER LC www.myersandstauffer.com page 3

Adjusted Mental Health Medical Loss Ratio for the State Fiscal Year Ended June 30, 2022 Paid Through September 30, 2022

	Adjusted Mental Health Medical Loss Ratio for the State Fiscal Year Ended June 30, 2022 Paid Through September 30, 2022							
Line #	Line Description	Reported Amou	nts	Adjustment Amounts	Preliminary Adjusted Amounts	Risk Corridor Cost Settlement	А	djusted Amounts
1	. Medical Loss Ratio Numerator							
1.1	Incurred Claims	\$ 3,51	5,780	\$ (17,613	3,498,167		\$	3,498,167
1.2	Activities that Improve Health Care Quality	\$	-	\$	- \$ -		\$	-
1.3	MLR Numerator	\$ 3,51	5,780	\$	\$ 3,498,167		\$	3,498,167
1.4	Non-Claims Costs (Not Included in Numerator)	\$ 104	4,275	\$ (36,106	68,169		\$	68,169
2	. Medical Loss Ratio Denominator							
2.1	Premium Revenue	\$ 4,290	5,261	\$	4,296,261	\$ (15,240)	\$	4,281,021
2.2	Pederal, State, and Local Taxes and Licensing and Regulatory Fees	\$ 30	5,106	\$ 1,313	. \$ 37,417		\$	37,417
2.3	MLR Denominator	\$ 4,260	0,155	\$	4,258,844	\$ (15,240)	\$	4,243,604
3	MLR Calculation							
3.1	Member Months	6!	5,807		65,807			65,807
3.2	Unadjusted MLR		82.5%	-0.49	82.1%			82.4%
3.3	Credibility Adjustment		2.6%	0.09	2.6%			2.6%
3.4	Adjusted MLR		85.1%	-0.49	84.7%			85.0%
4	Remittance							
4.2	State Minimum MLR Requirement		85.0%		85.0%			85.0%
4.2.1	Adjusted MLR Prior to Risk Corridor Cost Settlement		85.1%		84.7%			84.7%
4.6.1	Risk Corridor Cost Settlement Due to Department					\$ (15,240)	\$	(15,240)
4.6.2	Adjusted MLR							85.0%
4.6.3	Meets MLR Standard		Yes		No			Yes

^{*}The Non-Claims Costs line has not been subjected to the procedures applied in the examination, including testing for allowability of expenses or appropriate allocation to the Medicaid line of business. This includes adjustments identified during the course of the examination directly affecting the Non-Claims Costs line. Accordingly, we express no opinion on the Non-Claims Costs line.

MYERS AND STAUFFER LC
www.myersandstauffer.com page 4

Schedule of Adjustments and Comments for the State Fiscal Year Ended June 30, 2022

During our examination, we identified the following adjustments.

Adjustment #1 – To adjust incurred claims cost based on adjustments made to the PMHP financial report.

The health plan's incurred claims cost was reported based on the claims cost included in the PMHP financial report (financial report). After performing verification procedures on the financial report, adjustments were made to the financial report for the following items:

- To correct formula error in Schedule 5.
- To adjust group service and transportation direct hours to recalculated amounts on Schedules 5 and 6.
- To reconcile inpatient days to supporting documentation on Schedule 4A.

These adjustments to the financial report impact the incurred claims cost reported on the MLR. The incurred claims reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustments							
	Mental Health						
Line #	Line Description	Legacy Amount	Expansion Amount				
1.1	Incurred Claims	\$9,633	(\$17,613)				

Adjustment #2 – To adjust examination fees, state premium taxes, local taxes and assessments to state reported amounts.

The health plan reported an administrative fee, deemed to qualify as a state assessment by UDHHS, which included expense not applicable to the Medicaid managed care line of business. An adjustment was proposed to remove the portion of the fee applicable to the Medicaid fee-for-service population. The qualifying tax reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3).

Proposed Adjustments						
Mental Health						
Line #	Line Description	Legacy Amount	Expansion Amount			
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	(\$2,266)	\$0			

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Adjustment #3 – To adjust CBE expenses to the Medicaid share of qualifying expenses per health plan's supporting documentation.

The health plan reported community benefit expenditures (CBE) related to the costs incurred net of revenues received for client meals, semi-independent housing, and group home room and board. Based on the supporting documentation, reported costs qualify as allowable CBE costs. However, the health plan did not include the full Medicaid share of allowable costs in the MLR. An adjustment was proposed to report the full Medicaid share of total CBE expenses. The CBE reporting requirements are addressed in the Medicaid Managed Care Final Rule §§ 42 CFR 438.8(f)(3) and 45 CFR 158.162(c).

Proposed Adjustments							
	Mental Health						
Line #	Line Description	Legacy Amount	Expansion Amount				
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$3,401	\$1,311				

Adjustment #4 - To correct a formula error on the as-submitted medical loss ratio template.

The UDHHS MLR Report contains a formula error in the calculation of the Non-Claims Costs. The Non-Claims Cost total is linked to Non-Benefit Expenses. The Non-Benefit Expenses total includes a formula that is linked to the total taxes and community benefit expenditures (CBE), resulting in total Taxes and Fees being duplicated in the Non-Claims Costs in the MLR. An adjustment was proposed to remove reported Taxes and Fees from Non-Claims Costs. The Non-Claims Costs reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustments						
Mental Health						
Line #	Line Description	Legacy Amount	Expansion Amount			
1.4	Non-Claims Costs	(\$208,993)	(\$36,106)			

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