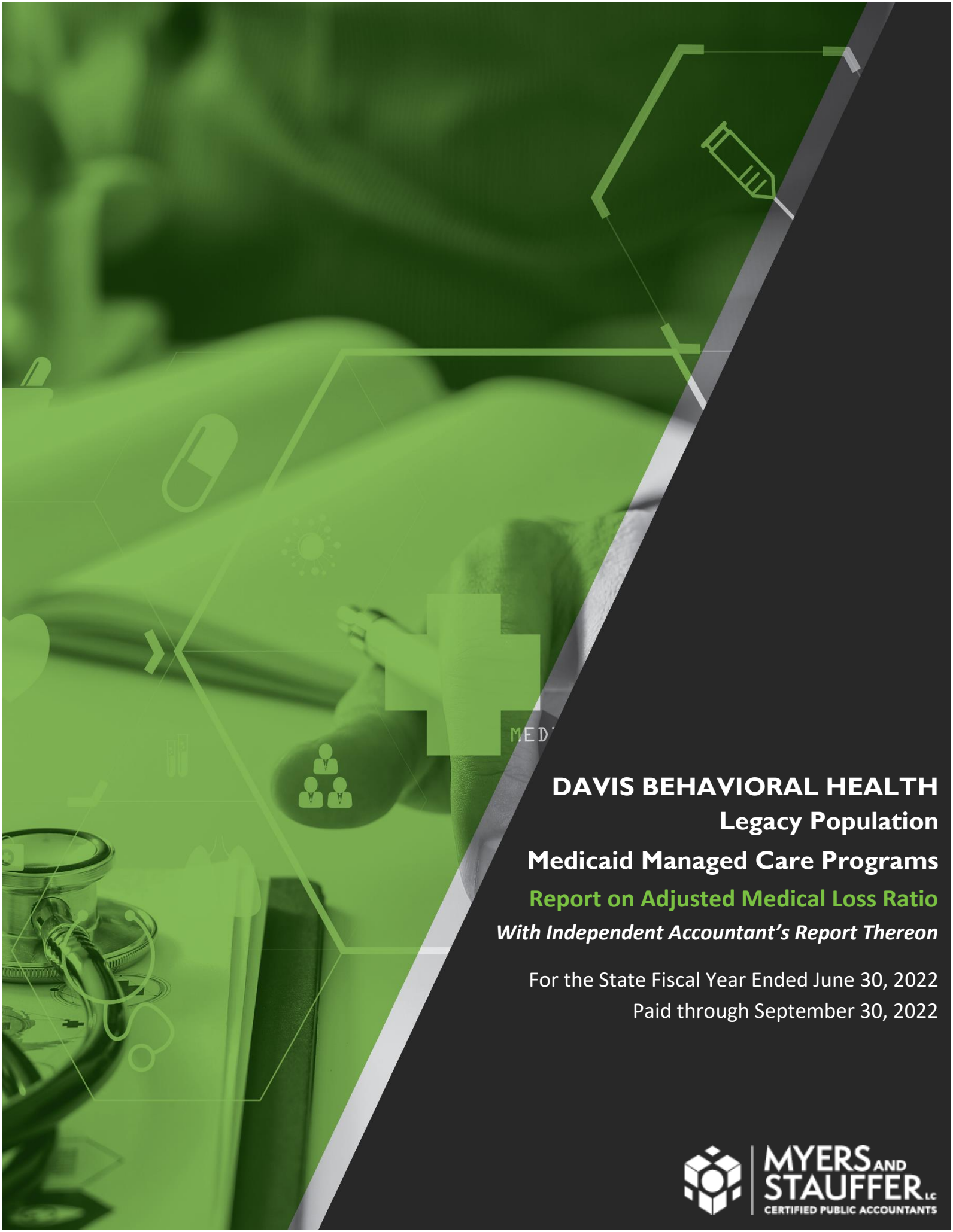

DAVIS BEHAVIORAL HEALTH

Legacy Population

Medicaid Managed Care Programs

Report on Adjusted Medical Loss Ratio

With Independent Accountant's Report Thereon

For the State Fiscal Year Ended June 30, 2022

Paid through September 30, 2022

MYERS AND STAUFFER LC

CERTIFIED PUBLIC ACCOUNTANTS

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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 Davis Behavioral 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 and substance abuse legacy 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

Myers and Stauffer LC
Kansas City, Missouri
August 22, 2024

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	$ 14,480,381	$ (274,153)	$ 14,206,228
1.2	Activities that Improve Health Care Quality	$ -	$ -	$ -
1.3	MLR Numerator	$ 14,480,381	$ -	$ 14,206,228
1.4	Non-Claims Costs (Not Included in Numerator)	$ 596,300	$ (596,300)	$ -
2.	**Medical Loss Ratio Denominator**			
2.1	Premium Revenue	$ 16,340,287	$ -	$ 16,340,287
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	$ 596,300	$ (206,569)	$ 389,731
2.3	MLR Denominator	$ 15,743,987	$ -	$ 15,950,556
3.	**MLR Calculation**			
3.1	Member Months	323,339	-	323,339
3.2	Unadjusted MLR	92.00%	-2.9%	89.1%
3.3	Credibility Adjustment	1.20%	0.0%	1.2%
3.4	Adjusted MLR	93.20%	-2.9%	90.3%
4.	**Remittance**			
4.2	State Minimum MLR Requirement	85.00%		85.0%
4.6.2	Adjusted MLR			90.3%
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.*

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

Adjusted Substance Abuse 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	$ 831,371	$ 2,990	$ 834,361
1.2	Activities that Improve Health Care Quality	$ -	$ -	$ -
1.3	MLR Numerator	$ 831,371	$ -	$ 834,361
1.4	Non-Claims Costs (Not Included in Numerator)	$ 51,715	$ (51,715)	$ -
2.	**Medical Loss Ratio Denominator**			
2.1	Premium Revenue	$ 1,029,947	$ -	$ 1,029,947
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	$ 51,715	$ (13,275)	$ 38,440
2.3	MLR Denominator	$ 978,232	$ -	$ 991,507
3.	**MLR Calculation**			
3.1	Member Months	316,715	-	316,715
3.2	Unadjusted MLR	85.00%	-0.8%	84.2%
3.3	Credibility Adjustment	1.20%	0.0%	1.2%
3.4	Adjusted MLR	86.20%	-0.8%	85.4%
4.	**Remittance**			
4.2	State Minimum MLR Requirement	85.00%		85.0%
4.6.2	Adjusted MLR			85.4%
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.*

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 adjust MLR template to as filed Schedule 1.
- To reclassify non-claims carve-out hours and portion of wages and benefits from administrative expense to direct expense.
- To adjust property expense to supporting documentation.
- To offset applicable revenues against prevention expense.
- To adjust to remove days and expense associated with inpatient claims incurred outside the MLR reporting period.
- To adjust outpatient cost allocation to health plan supporting documentation.

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			
		Legacy Population	
Line #	Line Description	Mental Health	Substance Abuse
1.1	Incurred Claims	($274,153)	$2,990

Adjustment #2 – To remove the non-Medicaid share of reported CBE expenses.

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, total CBE expense is included in the MLR rather than only the portion related to the Medicaid line of business. An adjustment was proposed to allocate allowable CBE expenses to the Medicaid managed care line of business. 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		Legacy Population	
Line #	Line Description	Mental Health	Substance Abuse
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	($206,569)	($13,275)

Adjustment #3 – 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		Legacy Population	
Line #	Line Description	Mental Health	Substance Abuse
1.4	Non-Claims Costs (Not Included in Numerator)	($596,300)	($51,715)