



Table of Contents

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

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 Premier Access Insurance Company (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 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 Ratio. Our responsibility is to express an opinion on the Adjusted Medical Loss Ratio 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 Ratio is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Adjusted Medical Loss Ratio. 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 Ratio, 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 Ratio was prepared from information contained in the Medical Loss Ratio Report for the purpose of complying with the criteria, and is 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 Ratio is presented in accordance with the criteria, in all material respects, and the Adjusted Medical Loss Ratio does not meet 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 December 8, 2023

MYERS AND STAUFFER www.myersandstauffer.com | page 2

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

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2022 Paid Through September 30, 2022						
Line #	Line Description	R	Reported Amounts	Ad	justment Amounts	Adjusted Amounts
1.	Medical Loss Ratio Numerator					
1.1	Incurred Claims	\$	33,503,870	\$	(29,419)	\$ 33,474,451
1.2	Activities that Improve Health Care Quality	\$	402,891	\$	(392,632)	\$ 10,259
1.3	MLR Numerator	\$	33,906,761	\$	-	\$ 33,484,710
1.4	Non-Claims Costs (Not Included in Numerator)	\$	7,037,630	\$	(3,181,151)	\$ 3,856,479
2.	Medical Loss Ratio Denominator					
2.1	Premium Revenue	\$	50,993,048	\$	-	\$ 50,993,048
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$	2,778,260	\$	(357,133)	\$ 2,421,127
2.3	MLR Denominator	\$	48,214,788	\$	-	\$ 48,571,921
3.	MLR Calculation					
3.1	Member Months		1,875,382		-	1,875,382
3.2	Unadjusted MLR		70.3%		-1.4%	68.9%
3.3	Credibility Adjustment		0.0%		0.0%	0.0%
3.4	Adjusted MLR		70.3%		-1.4%	68.9%
4.	Remittance					
4.2	State Minimum MLR Requirement		85.0%			85.0%
4.6.2	Adjusted MLR					68.9%
4.6.3	Meets MLR Standard		No			No

^{*}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. Adjustments identified during the course of the examination were not tested to determine any impact on Non-Claims Costs. Accordingly, we express no opinion on the Non-Claims Costs line.

MYERS AND STAUFFER LC www.myersandstauffer.com page 3

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 remove IBNR margin and adjust per supporting documentation

The health plan reported incurred but not reported (IBNR) expenses that included an amount in excess of the incurred claims contained within the health plan's lag tables. It was determined the reported amount included a non-allowable reserve margin percentage. An adjustment was proposed to remove the calculated IBNR margin amount. The medical expense and IBNR reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustment				
Line #	Line Description	Amount		
1.1	Incurred Claims	(\$29,419)		

Adjustment #2 – To adjust income taxes to recalculated amount

The health plan reported federal income taxes calculated based on net income of the Utah Medicaid population reflected on the MLR reporting statement rather than according to the audited financial statements. The calculation did not appear to appropriately reflect the tax allocation and actual tax expense for the reporting period. A recalculation was performed utilizing the audited financial statements and the National Association of Insurance Commissioners Health Annual Statement to determine the amount of taxes applicable to the MLR reporting period and appropriate population allocation. An adjustment was proposed to the recalculated tax amount. The tax reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3) and Centers for Medicare & Medicaid Services Medical Loss Ratio Annual Reporting Form Filing Instructions.

Proposed Adjustment				
Line #	Line Description	Amount		
2.2	Taxes and Fees	(\$357,133)		

Adjustment #3 - To remove non-qualifying vendor HCQI expense

The health plan reported health care quality improvement (HCQI) expenses that included salaries, vendor costs, and other transactional costs. Based on supporting documentation, it was determined the health plan included non-qualifying and unsupported vendor costs. An adjustment was proposed to remove the non-qualifying/unsupported vendor costs. The HCQI reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR §438.8(e)(3).

Proposed Adjustment				
Line #	Line Description	Amount		
1.2	Activities that Improve Health Care Quality	(\$392,632)		

Adjustment #4 - To correct a formula error on the as-submitted MLR Report

The 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 health care quality improvement (HCQI) lines, resulting in total Taxes and Fees and HCQI being duplicated in the Non-Claims Costs in the MLR Report. An adjustment was proposed to remove reported Taxes and Fees & HCQI 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 Adjustment					
Line #	Line Description	Amount			
1.4	Non-Claims Cost	(\$3,181,151)			