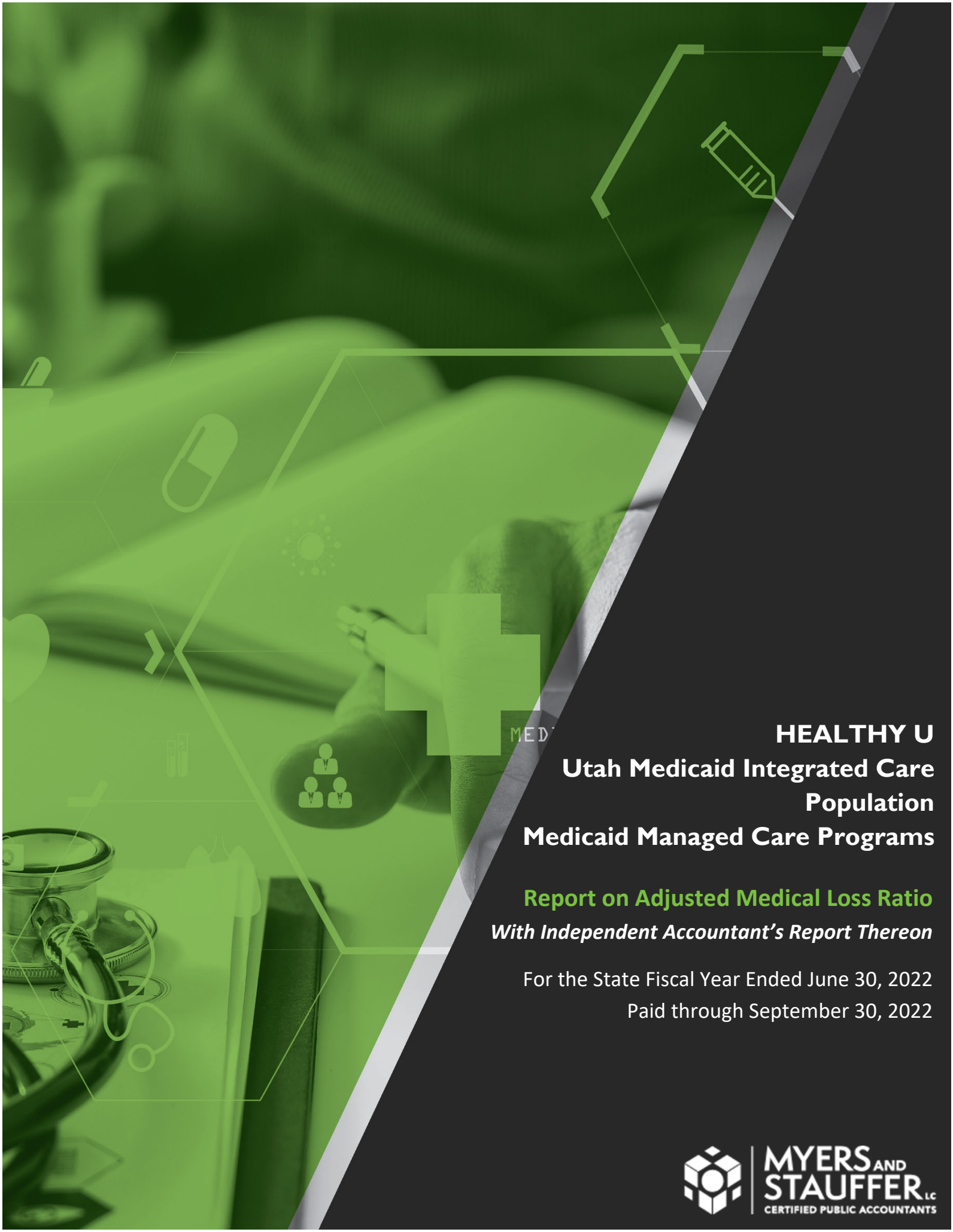

HEALTHY U
Utah Medicaid Integrated Care Population
Medicaid Managed Care Programs

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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MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

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 Healthy U (health plan) Accountable Care Organization 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 meets 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
September 18, 2024

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**	**Reported Amounts**	**Adjustment Amounts**	**Preliminary Adjusted Amounts**	**Risk Corridor Cost Settlement**	**Adjusted Amounts**
1.	**Medical Loss Ratio Numerator**					
1.1	Incurred Claims	$ 104,216,856	$ 361,915	$ 104,578,771		$ 104,578,771
1.2	Activities that Improve Health Care Quality	$ 917,824	$ (691,689)	$ 226,135		$ 226,135
1.3	MLR Numerator	$ 105,134,679	$ (329,774)	$ 104,804,905		$ 104,804,905
1.4	Non-Claims Costs (Not Included in Numerator)	$ 5,529,952	$ -	$ 5,529,952		$ 5,529,952
2.	**Medical Loss Ratio Denominator**					
2.1	Premium Revenue	$ 132,375,453	$ (14,686)	$ 132,360,767	$ (6,890,094)	$ 125,470,673
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	$ -	$ -	$ -		$ -
2.3	MLR Denominator	$ 132,375,453	$ (14,686)	$ 132,360,767	$ (6,890,094)	$ 125,470,673
3.	**MLR Calculation**					
3.1	Member Months	203,056	-	203,056		203,056
3.2	Unadjusted MLR	79.4%	-0.2%	79.2%		83.5%
3.3	Credibility Adjustment	1.5%	0.0%	1.5%		1.5%
3.4	Adjusted MLR	80.9%	-0.2%	80.7%		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	80.9%		80.7%		80.7%
4.6.1	Risk Corridor Cost Settlement Due to Department				$ (6,890,094)	$ (6,890,094)
4.6.2	Adjusted MLR					85.0%
4.6.3	Meets MLR Standard	No		No		Yes

**The Non-Claims Costs line has not be 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 IBNR and paid claims amount to health plan supporting documentation

The health plan reported incurred but not reported (IBNR) expenses based on an actuarial model utilizing paid and incurred claims. It was determined that support provided did not agree to the amounts per the actuarial model. Revised support was provided by the health plan that agreed to the actuarial model. An adjustment was proposed to the revised IBNR support provided by the health plan. 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	$637,150

Adjustment #2 – To adjust paid claims amounts based on PBM amounts

The health plan included pharmacy incurred claims on the MLR Report that did not reconcile to the pharmacy benefit manager (PBM) claims detail provided. Based on testing performed, it was determined the amount of paid claims reported was overstated. An adjustment was proposed to report PBM paid claims based on the PBM supporting documentation. Additionally, it was determined the PBM was charging the pharmacies a withholding fee, which reduced the overall reimbursement to the pharmacy. The withholding fees however, were not reducing incurred claims in the MLR calculation. Therefore, an adjustment was also proposed to reduce incurred claims for the withholding fees per the PBM supporting documentation. The medical expense reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR §438.8(e)(2) and Center for Medicaid & CHIP Services Informational Bulletin: MLR Requirements Related to Third Party Vendors dated May 15, 2019.

Proposed Adjustment		
Line #	**Line Description**	**Amount**
1.1	Incurred Claims	($71,658)

Adjustment #3 – To adjust prescription drug rebates received and accrued

The health plan included prescription drug rebates received and accrued on the MLR Report. It was determined the amount reported was understated per support provided by the PBM for the applicable period. An adjustment was proposed to increase the prescription drug rebates to reconcile to the supporting documentation submitted by the PBM. Pharmacy rebates are a reduction to incurred claims cost in the MLR calculation, therefore, the increase in pharmacy rebates results in a negative adjustment to incurred claims. The reporting requirement for prescription drug rebates received and accrued is addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2)(ii)(B).

Proposed Adjustment		
Line #	**Line Description**	**Amount**
1.1	Incurred Claims	($203,577)

Adjustment #4 – To remove IOC clinic expenses from HCQI expenses

The health plan included funding paid to the Intensive Outpatient Clinic (IOC) services in HCQI expense in the MLR report. During the examination, it was determined the IOC is providing medical care as well as care coordination services to covered members. Based on testing performed, it was determined the IOC medical claims are included in the health plan's incurred claims, and are therefore duplicated in the submitted MLR. The health plan did not submit documentation to support the care coordination costs incurred by the IOC. An adjustment was proposed to remove the IOC funding included in the MLR. The medical expense and HCQI reporting requirements are addressed in the Medicaid Managed Care Final Rule §§ 42 CFR 438.8(e)(2) and 438.8(e)(3).

Proposed Adjustment		
Line #	**Line Description**	**Amount**
1.2	Activities that Improve Health Care Quality	($240,029)

Adjustment #5 – To adjust HCQI expense to allowable amount based on health plan supporting documentation

The health plan included health care quality improvement (HCQI) and corporate health information technology (HIT) expenses in the MLR report. Based on supporting documentation, it was determined HCQI expenses included certain non-qualifying job positions and/or job duties based on federal guidance. Additionally, the health plan was not able to provide sufficient supporting documentation to demonstrate that corporate HIT expense met federal requirements to be included as HCQI in the MLR.

An adjustment was proposed to remove non-qualifying and unsupported expense from the MLR. The HCQI reporting requirements are addressed in 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	($451,660)

Adjustment #6 – To adjust premium revenue per state data

The health plan reported revenue amounts that did not reflect payments received for its members applicable to the covered dates of service for the MLR reporting period. An adjustment was proposed to report the revenues per state data for capitation payments and other settlement payments. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2).

Proposed Adjustment		
Line #	**Line Description**	**Amount**
2.1	Premium Revenue	($14,686)