



**UNITED BEHAVIORAL HEALTH  
INC./OPTUM TOOEE COUNTY**  
**Legacy and Expansion Populations  
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<sup>LC</sup>**  
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 United Behavioral Health Inc./Optum Tooele County (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 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, however, the Adjusted Medical Loss Ratios for the mental health and substance abuse legacy populations do not meet the requirement 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  
February 14, 2024



**OPTUM TOOELE COUNTY**  
**ADJUSTED MEDICAL LOSS RATIO**  
**LEGACY POPULATION**

## 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
<b>1. Medical Loss Ratio Numerator</b>				
1.1	Incurred Claims	\$ 3,428,096	\$ 51,315	\$ 3,479,411
1.2	Activities that Improve Health Care Quality	\$ 143,377	\$ (75,421)	\$ 67,956
1.3	MLR Numerator	\$ 3,571,473	\$ -	\$ 3,547,367
1.4	Non-Claims Costs (Not Included in Numerator)	\$ 362,982	\$ (362,982)	\$ -
<b>2. Medical Loss Ratio Denominator</b>				
2.1	Premium Revenue	\$ 4,632,414	\$ 9,804	\$ 4,642,218
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$ 219,605	\$ 132,939	\$ 352,544
2.3	MLR Denominator	\$ 4,412,810	\$ -	\$ 4,289,675
<b>3. MLR Calculation</b>				
3.1	Member Months	96,362	136	96,498
3.2	Unadjusted MLR	80.90%	1.8%	82.7%
3.3	Credibility Adjustment	2.00%	0.0%	2.0%
3.4	Adjusted MLR	82.90%	1.8%	84.7%
<b>4. Remittance</b>				
4.2	State Minimum MLR Requirement	85.00%		85.0%
4.6.2	Adjusted MLR			84.7%
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.*



**OPTUM TOOELE COUNTY**  
**ADJUSTED MEDICAL LOSS RATIO**  
**LEGACY POPULATION**

## 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
<b>1. Medical Loss Ratio Numerator</b>				
1.1	Incurred Claims	\$ 229,268	\$ 3,425	\$ 232,693
1.2	Activities that Improve Health Care Quality	\$ 10,140	\$ (5,334)	\$ 4,806
1.3	MLR Numerator	\$ 239,408	\$ -	\$ 237,499
1.4	Non-Claims Costs (Not Included in Numerator)	\$ 28,808	\$ (28,808)	\$ -
<b>2. Medical Loss Ratio Denominator</b>				
2.1	Premium Revenue	\$ 327,603	\$ 480	\$ 328,083
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$ 18,668	\$ 6,247	\$ 24,915
2.3	MLR Denominator	\$ 308,935	\$ -	\$ 303,168
<b>3. MLR Calculation</b>				
3.1	Member Months	94,211	121	94,332
3.2	Unadjusted MLR	77.50%	0.8%	78.3%
3.3	Credibility Adjustment	2.00%	0.0%	2.0%
3.4	Adjusted MLR	79.50%	0.8%	80.3%
<b>4. Remittance</b>				
4.2	State Minimum MLR Requirement	85.00%		85.0%
4.6.2	Adjusted MLR			80.3%
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.*



**OPTUM TOOELE COUNTY**  
**ADJUSTED MEDICAL LOSS RATIO**  
**EXPANSION POPULATION**

## 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	Preliminary Adjusted Amounts	Risk Corridor Cost Settlement	Adjusted Amounts
<b>1. Medical Loss Ratio Numerator</b>						
1.1	Incurred Claims	\$ 719,694	\$ (51,315)	\$ 668,379		\$ 668,379
1.2	Activities that Improve Health Care Quality	\$ 30,345	\$ (5,723)	\$ 24,622		\$ 24,622
1.3	MLR Numerator	\$ 750,039	\$ -	\$ 693,001		\$ 693,001
1.4	Non-Claims Costs (Not Included in Numerator)	\$ 250,391	\$ (250,391)	\$ -		\$ -
<b>2. Medical Loss Ratio Denominator</b>						
2.1	Premium Revenue	\$ 1,678,386	\$ 2,678	\$ 1,681,064	\$ (756,379)	\$ 924,685
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$ 220,046	\$ (149,822)	\$ 70,224		\$ 70,224
2.3	MLR Denominator	\$ 1,458,340	\$ -	\$ 1,610,840	\$ (756,379)	\$ 854,461
<b>3. MLR Calculation</b>						
3.1	Member Months	26,236	30	26,266		26,266
3.2	Unadjusted MLR	51.40%	-8.4%	43.0%		81.1%
3.3	Credibility Adjustment	3.90%	0.0%	3.9%		3.9%
3.4	Adjusted MLR	55.30%	-8.4%	46.9%		85.0%
<b>4. Remittance</b>						
4.2	State Minimum MLR Requirement	85.00%		85.0%		85.0%
4.2.1	Adjusted MLR Prior to Risk Corridor Cost Settlement	55.30%		55.3%		55.3%
4.6.1	Risk Corridor Cost Settlement Due to Department				\$ (756,379)	\$ (756,379)
4.6.2	Adjusted MLR					85.0%
4.6.3	Meets MLR Standard	No		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. 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.*



**OPTUM TOOELE COUNTY**  
**ADJUSTED MEDICAL LOSS RATIO**  
**EXPANSION POPULATION**

## 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	Preliminary Adjusted Amounts	Risk Corridor Cost Settlement	Adjusted Amounts
<b>1. Medical Loss Ratio Numerator</b>						
1.1	Incurred Claims	\$ 184,515	\$ (3,425)	\$ 181,090		\$ 181,090
1.2	Activities that Improve Health Care Quality	\$ 11,452	\$ (2,160)	\$ 9,292		\$ 9,292
1.3	MLR Numerator	\$ 195,968	\$ -	\$ 190,383		\$ 190,383
1.4	Non-Claims Costs (Not Included in Numerator)	\$ 116,372	\$ (116,372)	\$ -		\$ -
<b>2. Medical Loss Ratio Denominator</b>						
2.1	Premium Revenue	\$ 633,424	\$ 1,032	\$ 634,456	\$ (380,425)	\$ 254,031
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$ 104,920	\$ (85,628)	\$ 19,292		\$ 19,292
2.3	MLR Denominator	\$ 528,504	\$ -	\$ 615,164	\$ (380,425)	\$ 234,739
<b>3. MLR Calculation</b>						
3.1	Member Months	26,236	30	26,266		26,266
3.2	Unadjusted MLR	37.10%	-6.2%	30.9%		81.1%
3.3	Credibility Adjustment	3.90%	0.0%	3.9%		3.9%
3.4	Adjusted MLR	41.00%	-6.2%	34.8%		85.0%
<b>4. Remittance</b>						
4.2	State Minimum MLR Requirement	85.00%		85.0%		85.0%
4.2.1	Adjusted MLR Prior to Risk Corridor Cost Settlement	41.00%		41.0%		41.0%
4.6.1	Risk Corridor Cost Settlement Due to Department				\$ (380,425)	\$ (380,425)
4.6.2	Adjusted MLR					85.0%
4.6.3	Meets MLR Standard	No		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. 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.*



## 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 inpatient and coded services by population to the health plan supporting documentation**

It was noted during testing that inpatient and coded services were incorrectly classified to the expansion population rather than the legacy population. An adjustment was made to reclassify these amounts to legacy based on supporting documentation. The incurred claims reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustments					
		Legacy Population		Expansion Population	
Line #	Line Description	Mental Health	Substance Abuse	Mental Health	Substance Abuse
1.1	Incurred Claims	\$51,315	\$3,425	(\$51,315)	(\$3,425)

### **Adjustment #2 – To remove non-allowable HCQI expenses**

The health plan included in Health Care Quality Improvement/Health Information Technology (HCQI/HIT) expenses that do not meet the definition of HCQI/HIT expenses and ineligible salary expense. During testing, it was noted that the HCQI allocation included indirect overhead, which does not qualify as HCQI expense. Therefore, an adjustment was proposed to remove the non-qualifying amounts and salaried positions. The HCQI/HIT reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(3), 45 CFR § 158.150, and 45 CFR § 158.151.

Proposed Adjustments					
		Legacy Population		Expansion Population	
Line #	Line Description	Mental Health	Substance Abuse	Mental Health	Substance Abuse
1.2	Activities that Improve Health Care Quality	(\$75,421)	(\$5,334)	(\$5,723)	(\$2,160)



## SCHEDULE OF ADJUSTMENTS AND COMMENTS

### Adjustment #3 – To adjust premium revenues to the 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 reporting period. The revenues were adjusted to the state data. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2).

Proposed Adjustments					
		Legacy Population		Expansion Population	
Line #	Line Description	Mental Health	Substance Abuse	Mental Health	Substance Abuse
2.1	Premium Revenue	\$9,804	\$480	\$2,678	\$1,032

### Adjustment #4 – To adjust examination fees, state premium taxes, local taxes and assessments

The health plan reported state and federal taxes based on marginal income. An adjustment was made to calculate allowable taxes based on adjusted taxable income rather than marginal income and to include the change in deferred income tax. The qualifying tax reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3).

Proposed Adjustments					
		Legacy Population		Expansion Population	
Line #	Line Description	Mental Health	Substance Abuse	Mental Health	Substance Abuse
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$132,939	\$6,247	(\$149,822)	(\$85,628)

### Adjustment #5 – To adjust member months per state data

The health plan reported member month amounts that did not reflect the total member months for its members, per the state data, applicable to the covered dates of service for the MLR reporting period. An adjustment was proposed to report the member months per the state data. The member months reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(k)(1)(xiii).



## SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed Adjustments					
		Legacy Population		Expansion Population	
Line #	Line Description	Mental Health	Substance Abuse	Mental Health	Substance Abuse
3.1	Member Months	136	121	30	30

### Adjustment #6 – 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 HCQI, resulting in total Taxes and Fees and HCQI being duplicated in the Non-Claims Costs in the MLR. An adjustment was proposed to remove reported Taxes and Fees and 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 Adjustments					
		Legacy Population		Expansion Population	
Line #	Line Description	Mental Health	Substance Abuse	Mental Health	Substance Abuse
1.4	Non-Claims Costs (Not Included in Numerator)	(\$362,982)	(\$28,808)	(\$250,391)	(\$116,372)