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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 Weber Human Services (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 substance abuse legacy and 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 Ratio for the mental health legacy population does not meet the requirement for the state fiscal year ended June 30, 2022.

Based on Weber Human Services' insufficient claims experience for the expansion population, it is classified by the Centers for Medicare & Medicaid Services (CMS) as a non-credible health plan for the expansion population for the period under examination. Therefore, in accordance with 42 Code of Federal Regulations § 438.8 (h), it is presumed that the expansion population meets or exceeds the MLR standard of eighty-five percent (85%).

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 June 24, 2024

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

Line #	Line Description	Re	eported Amounts	Adjustment Amounts	1	Adjusted Amounts
1.	Medical Loss Ratio Numerator					
1.1	Incurred Claims	\$	14,041,984	\$ (903,473	\$	13,138,51
1.2	Activities that Improve Health Care Quality	\$	-	\$ -	\$	
1.3	MLR Numerator	\$	14,041,984	\$ -	\$	13,138,51
1.4	Non-Claims Costs (Not Included in Numerator)	\$	-	\$ -	\$	
2.	Medical Loss Ratio Denominator					
2.1	Premium Revenue	\$	18,253,746	\$ (86,213)	\$	18,167,53
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$	690,044	\$ 27,347	\$	717,39
2.3	MLR Denominator	\$	17,563,702	\$ -	\$	17,450,14
3.	MLR Calculation					
3.1	Member Months		372,569	678		373,24
3.2	Unadjusted MLR		79.90%	-4.6%		75.3
3.3	Credibility Adjustment		1.02%	0.0%		1.0
3.4	Adjusted MLR		80.92%	-4.6%		76.3
4.	Remittance					
4.2	State Minimum MLR Requirement		85.00%			85.0
4.6.2	Adjusted MLR					76.3
4.6.3	Meets MLR Standard		No			N

<sup>\*</sup>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

Adjus	Adjusted Substance Abuse Medical Loss Ratio for the State Fiscal Year Ended June 30, 2022 Paid Through September 30, 2022							
Line #	Line Description	R	eported Amounts	Ad	justment Amounts	A	Adjusted Amounts	
1.	Medical Loss Ratio Numerator							
1.1	Incurred Claims	\$	2,154,910	\$	(212,595)	\$	1,942,31	
1.2	Activities that Improve Health Care Quality	\$	-	\$	-	\$		
1.3	MLR Numerator	\$	2,154,910	\$	-	\$	1,942,31	
1.4	Non-Claims Costs (Not Included in Numerator)	\$	-	\$	-	\$		
2.	Medical Loss Ratio Denominator							
2.1	Premium Revenue	\$	1,234,605	\$	(38,456)	\$	1,196,14	
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$	60,848	\$	2,008	\$	62,85	
2.3	MLR Denominator	\$	1,173,757	\$	-	\$	1,133,29	
3.	MLR Calculation							
3.1	Member Months		342,099		24,151		366,25	
3.2	Unadjusted MLR		183.60%		-12.2%		171.4	
3.3	Credibility Adjustment		1.02%		0.0%		1.0	
3.4	Adjusted MLR		184.62%		-12.2%		172.4	
4.	Remittance							
4.2	State Minimum MLR Requirement		85.00%				85.0	
4.6.2	Adjusted MLR						172.4	
4.6.3	Meets MLR Standard		Yes				Ye	

<sup>\*</sup>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 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			
1.	Medical Loss Ratio Numerator								
1.1	Incurred Claims	\$ 92,773	\$ (1,975)	\$ 90,798		\$ 90,798			
1.2	Activities that Improve Health Care Quality	\$ -	\$ -	\$ -		\$ -			
1.3	MLR Numerator	\$ 92,773	\$ -	\$ 90,798		\$ 90,798			
1.4	Non-Claims Costs (Not Included in Numerator)	\$ -	\$ -	\$ -		\$ -			
2.	Medical Loss Ratio Denominator								
2.1	Premium Revenue	\$ 89,884	\$ 403	\$ 90,287	\$ 12,201	\$ 102,488			
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$ 5,269	\$ (2,560)	\$ 2,709		\$ 2,709			
2.3	MLR Denominator	\$ 84,615	\$ -	\$ 87,578	\$ 12,201	\$ 99,778			
3.	MLR Calculation								
3.1	Member Months	1,749	(1)	1,748		1,748			
3.2	Unadjusted MLR	109.60%	-5.9%	103.7%		91.0%			
3.3	Credibility Adjustment	Non-Credible	Non-Credible	Non-Credible		Non-Credible			
3.4	Adjusted MLR	N/A	N/A	N/A		N/A			
4.	Remittance								
4.2	State Minimum MLR Requirement	85.00%		85.0%		85.0%			
4.2.1	Adjusted MLR Prior to Risk Corridor Cost Settlement	N/A		N/A		N/A			
4.6.1	Risk Corridor Cost Settlement Due to Health Plan				\$ 12,201	\$ 12,201			
4.6.2	Adjusted MLR					N/A			
4.6.3	Meets MLR Standard	Yes		Yes		Yes			

<sup>\*</sup>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.

## 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	o for the State Fiscal \	ear Ended June 30, 2	2022 Paid Through Se	ptember 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	\$ 32,593	\$ (911)	\$ 31,682		\$ 31,682
1.2	Activities that Improve Health Care Quality	\$ -	\$ -	\$ -		\$ -
1.3	MLR Numerator	\$ 32,593	\$ -	\$ 31,682		\$ 31,682
1.4	Non-Claims Costs (Not Included in Numerator)	\$ -	\$ -	\$ -		\$ -
2.	Medical Loss Ratio Denominator					
2.1	Premium Revenue	\$ 22,579	\$ 14,658	\$ 37,237	\$ -	\$ 37,237
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$ 676	\$ 441	\$ 1,117		\$ 1,117
2.3	MLR Denominator	\$ 21,903	\$ -	\$ 36,120	\$ -	\$ 36,120
3.	MLR Calculation					
3.1	Member Months	1,331	417	1,748		1,748
3.2	Unadjusted MLR	148.80%	-61.1%	87.7%		87.7%
3.3	Credibility Adjustment	Non-Credible	Non-Credible	Non-Credible		Non-Credible
3.4	Adjusted MLR	N/A	N/A	N/A		N/A
4.	Remittance					
4.2	State Minimum MLR Requirement	85.00%		85.0%		85.0%
4.2.1	Adjusted MLR Prior to Risk Corridor Cost Settlement	N/A		N/A		N/A
4.6.1	Risk Corridor Cost Settlement Due to Department				\$ -	\$ -
4.6.2	Adjusted MLR					N/A
4.6.3	Meets MLR Standard	Yes		Yes		Yes

<sup>\*</sup>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 cost report.
- To adjust employee hours and compensation to health plan supporting documentation.
- To adjust supportive living costs to health plan supporting documentation.
- To adjust non-wage costs to health plan supporting documentation.
- To adjust encounters to health plan supporting documentation.
- To adjust inpatient bed days and cost 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 Expansion Population								
		Mental Substance		Mental	Substance			
Line #	Line Description	Health	Abuse	Health	Abuse			
1.1	Incurred Claims	(\$903,473)	(\$212,595)	(\$1,975)	(\$911)			

### Adjustment #2 – To adjust premium revenues per state data

The health plan reported premium revenues that did not reflect the total payments received 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 premium revenues per 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	(\$86,213)	(\$38,456)	\$403	\$14,658			

## Adjustment #3 – 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 did not include all expense applicable to the Medicaid managed care line of business. An adjustment was proposed to include the administrative fee amounts per the state data. 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	\$29,933	\$3,162	(\$2,573)	\$1		

### Adjustment #4 – To adjust CBE per supporting documentation

The health plan reported community benefit expenditures (CBE) related to the costs incurred net of revenues received for a medical clinic for mental health clients, non-covered housing, and transportation. Based on the supporting documentation, reported costs qualify as allowable CBE expense. However, due to adjustments proposed to salaries and benefits and non-wage cost allocations on the financial report in Adjustment # 1 above, allowable CBE expense no longer reconciles to the as-submitted MLR. An adjustment was proposed to reflect the allowable CBE amount calculated Ortbased on the adjusted financial report. 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 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	(\$2,586)	(\$1,154)	\$13	\$440			

### 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).

Proposed Adjustments								
	Expansio	on Population						
		Mental Substance Ment		Mental	Substance			
Line #	Line Description	Health	Abuse	Health	Abuse			
3.1	Member Months	678	24,151	(1)	417			