



March 2, 2021

Via Electronic Mail

Louisiana Department of Health  
Steve Annison, Medicaid Program Manager  
628 N. 4<sup>th</sup> Street  
Baton Rouge, LA 70802

Re: Adjusted Medical Loss Ratio Examination Report Transmittal

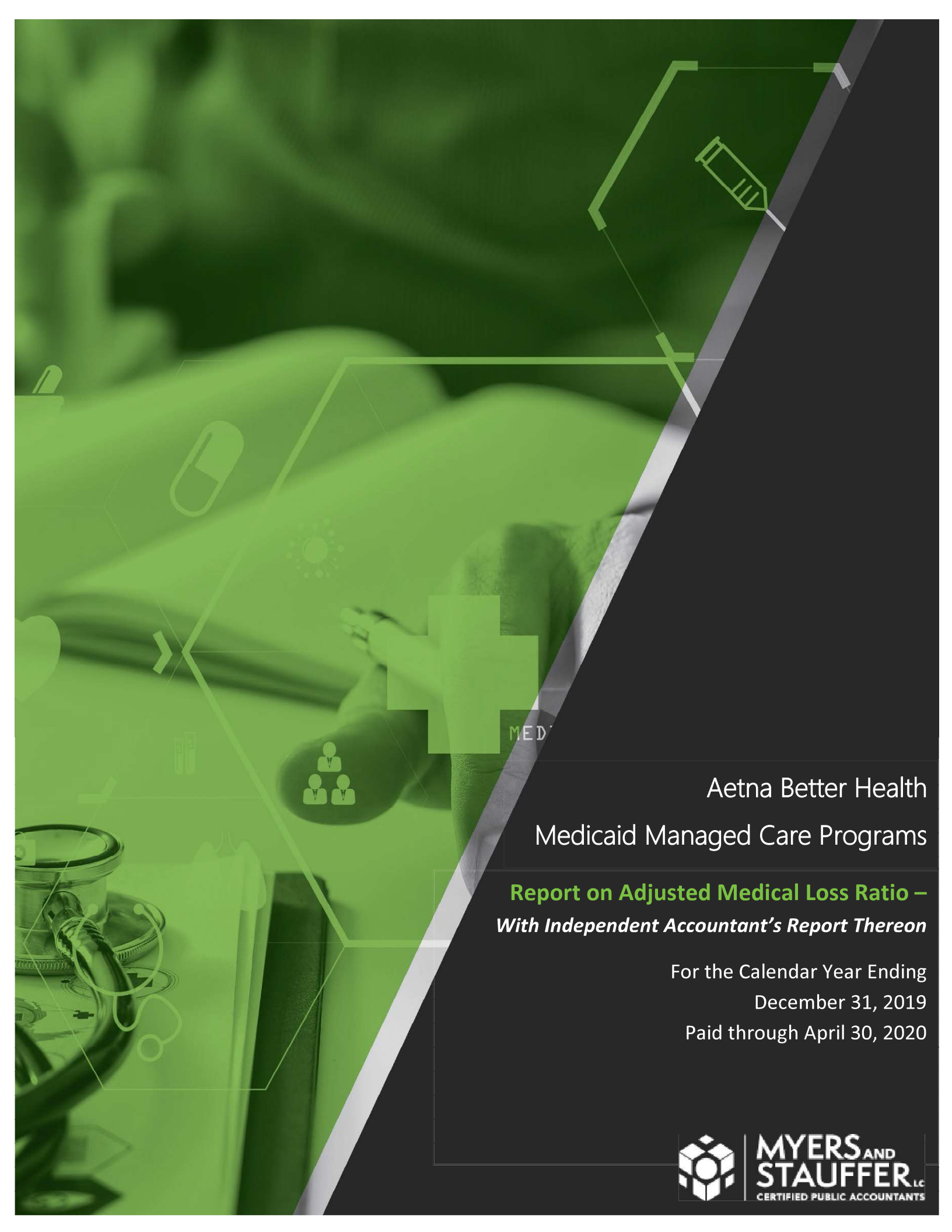
This letter is to inform you that Myers and Stauffer LC has completed the examination of Aetna Better Health of Louisiana Adjusted Medical Loss Ratio for the period ended December 31, 2019. As a courtesy to the Louisiana Department of Health and other readers, the health plan management's response letter is included, if provided, in addition to our examination report, as part of this transmittal packet. Myers and Stauffer LC, in no manner, expresses an opinion on the accuracy, truthfulness, or validity of the statements presented within the management's response letter.

Please contact us at the phone number below if you have questions.

Kind Regards,

*Myers and Stauffer LC*

Myers and Stauffer LC

The background of the entire page is a blurred photograph of a medical professional, likely a nurse, wearing a white coat and gloves, attending to a patient. Overlaid on this image is a semi-transparent green geometric pattern consisting of various shapes like hexagons and lines. Scattered throughout this green overlay are several white medical icons: a syringe in the upper right, a pill in the middle left, a virus or cell in the center, a large cross in the center, a group of three people in the lower center, and a stethoscope in the bottom left corner.

# Aetna Better Health Medicaid Managed Care Programs

## **Report on Adjusted Medical Loss Ratio – *With Independent Accountant's Report Thereon***

For the Calendar Year Ending  
December 31, 2019  
Paid through April 30, 2020



**MYERS AND  
STAUFFER** LLC  
CERTIFIED PUBLIC ACCOUNTANTS



## Table of Contents

■ Table of Contents.....	1
■ Independent Accountant's Report.....	2
■ Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2019 Paid Through April 30, 2020.....	3



State of Louisiana  
Louisiana Department of Health  
Baton Rouge, Louisiana

### **Independent Accountant's Report**

We have examined the accompanying Adjusted Medical Loss Ratio (MLR) of Aetna Better Health of Louisiana (ABHLA) for the calendar year ending December 31, 2019. ABHLA management is responsible for presenting the Financial Reporting Template in accordance with the criteria set forth in Healthy Louisiana's MLR Reporting Guide (Guide), and Centers for Medicare & Medicaid Services (CMS) federal guidance (criteria). This criteria was used to prepare the Adjusted MLR. Our responsibility is to express an opinion on the Adjusted MLR 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 MLR is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Adjusted MLR. 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 MLR, 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.

The accompanying Adjusted MLR was prepared 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 above referenced accompanying Adjusted Medical Loss Ratio Rebate Calculation of ABHLA is presented in accordance with the above referenced criteria, in all material respects, and the Adjusted MLR Percentage Achieved exceeds the CMS minimum requirement of eighty-five percent (85%) for the period of January 1, 2019 through December 31, 2019.

This report is intended solely for the information and use of the Louisiana Department of Health, Mercer, and ABHLA 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  
Atlanta, Georgia  
February 17, 2021



## Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2019 Paid Through April 30, 2020

Adjusted Medical Loss Ratio – for the Calendar Year Ending December 31, 2019 Paid Through April 30, 2020				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Expenses</b>				
1	<b>Total Incurred Claims</b>	\$ 636,013,373	\$ -	\$ 636,013,373
<b>Adjustments to Incurred Claims</b>				
2	<b>Deductions:</b>			
2a	Prescription drug rebates	\$ 1,991,976	\$ -	\$ 1,991,976
2b	Prompt pay discounts	\$ -	\$ -	\$ 1,991,976
2c	Overpayment recoveries received from providers	\$ 12,510,857	\$ -	\$ 12,510,857
3	<b>Inclusions:</b>			
3a	Incentive and bonus payments made to providers	\$ 897,176.00	\$ -	\$ 897,176
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
4	Optional Inclusion: Value-Added Services	\$ 5,926,727.00	\$ -	\$ 5,926,727
5	<b>Exclusions:</b>			
5a	Non-Claims Costs	\$ -	\$ -	\$ -
5b	Prior year MLR rebates paid to LDH	\$ -	\$ -	\$ -
5c	Payments to delegated vendors exceeding amount paid to providers	\$ -	\$ -	\$ -
5d	Spread pricing amounts paid to PBM	\$ -	\$ -	\$ -
5e	Reinsurance premiums exceeding reinsurance recoveries	\$ -	\$ -	\$ -
6	Other: Incurred claims assumed	\$ -	\$ -	\$ -
7	<b>Adjusted Incurred Claims</b>	\$ 628,334,442	\$ -	\$ 628,334,442
<b>Health Care Quality Improvement (HCQI) Expenses</b>				
8	HCQI administrative expenses	\$ 6,890,856	\$ -	\$ 6,890,856
9	Exclusions to HCQI	\$ -	\$ -	\$ -
<b>Health Information Technology (HIT) Expenses</b>				
10	HIT administrative expenses	\$ -	\$ -	\$ -
11	Exclusions to HIT expenses	\$ -	\$ -	\$ -
12	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
13	<b>Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses</b>	\$ 635,225,298	\$ -	\$ 635,225,298.00
14	Less: Adjustment for 50% or more of Medical expenses attributed to new enrollees	\$ -	\$ -	\$ -
15	Add: Prior Year New Enrollee Medical Expenditures deferred to current year from line 30 below	\$ -	\$ -	\$ -
16	<b>Total Adjusted MLR Numerator*</b>	\$ 635,225,298	\$ -	\$ 635,225,298
<b>Revenues</b>				
17	<b>Healthy Louisiana Premium Revenue</b>	\$ 702,729,881	\$ -	\$ 702,729,881
<b>Revenue Adjustments</b>				
18	Less: Health Insurance Provider Fee (HIPF)	\$ -	\$ -	\$ -
19	Less: Premium tax component of reported revenue	\$ 38,087,475	\$ -	\$ 38,087,475
20	Less: Other taxes and licensing and regulatory fees	\$ -	\$ -	\$ -
21	<b>Net Annual MLR Revenue</b>	\$ 664,642,406	\$ -	\$ 664,642,406
22	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$ -	\$ -
23	Add: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component) deferred from prior year from line 29 below	\$ -	\$ -	\$ -
24	<b>Total Adjusted MLR Denominator</b>	\$ 664,642,406	\$ -	\$ 664,642,406

\*Minor footing variance due to rounding.



## Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2019 Paid Through April 30, 2020

Adjusted Medical Loss Ratio – for the Calendar Year Ending December 31, 2019 Paid Through April 30, 2020				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>MLR Calculation</b>				
25	MLR Percentage Achieved	95.6%	0.0%	95.6%
26	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%
27	Percentage Below 85% Requirement	0.0%	0.0%	0.0%
28	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -
<b>Reconciliation of Prior Year New Enrollee Capitation Exclusion</b>				
29	Prior year new enrollee capitation adjustment exclusion (net of premium tax)			\$ -
30	Less: Prior year incurred claims for excluded New Enrollees			\$ -
31	Total Net Adjustment for New Enrollees from prior years			\$ -
32	MLR Member Months			1,478,418
<b>Credibility Adjustment Applied</b>				
33	MLR Percentage Achieved			95.6%
34	Credibility Adjustment			0.0%
35	Adjusted MLR Percentage Achieved			95.6%
36	MLR Percentage Requirement for Rebate Calculation			85.0%
37	Percentage Below 85% Requirement			0.0%
38	Dollar Amount of Rebate Requirement			\$ -