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State of Louisiana Louisiana Department of Health Baton Rouge, Louisiana

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

We have examined the Medical Loss Ratio Report of Louisiana Healthcare Connections, Inc. (health plan) for the calendar year ended December 31, 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.

The Other Non-Claims Costs amount reported on the Adjusted Medical Loss Ratio Rebate Calculation has not been subjected to the procedures applied in the examination. In accordance with CFR 42 § 438.8, reporting of the Other Non-Claims Costs is required. Any adjustments to the Other Non-Claims Costs were determined without testing as the procedure was outside of the scope of our examination, and accordingly, we express no opinion on it.

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 exceeds the Centers for Medicare & Medicaid Services (CMS) requirement of 85 percent for the Expansion and Non-Expansion populations for the calendar year ended December 31, 2022.



This report is intended solely for the information and use of the Louisiana Department of Health, 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 Atlanta, Georgia May 15, 2024



Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023  Expansion Population								
Line #	Line Description		ported Amounts	Adjustment Amounts	Ac	ljusted Amounts		
Numerato	or .							
1	Total Incurred Claims	\$	1,343,444,722	\$ -	\$	1,343,444,722		
	Adjustments to Incurred Claims							
2	Deductions:							
2a	Prescription drug rebates	\$	637,255	\$ -	\$	637,255		
2b	Prompt pay discounts	\$	-	\$ -	\$	-		
2c	Overpayment recoveries received from providers	\$	-	\$ -	\$	-		
3	Inclusions:							
3a	Incentive and bonus payments made to providers	\$	100,847,760	\$ -	\$	100,847,760		
3b	Fraud reduction expenses	\$	-	\$ -	\$	-		
4	Optional Inclusion: Value-Added Services	\$	9,559,687	\$ -	\$	9,559,687		
5	Exclusions:							
5a	Non-Claims Costs	\$	10,517,548	\$ -	\$	10,517,548		
5b	Prior year MLR rebates paid to LDH	\$	-	\$ -	\$	-		
5c	Payments delegated vendors exceeding amount paid to providers	\$	-	\$ -	\$	-		
5d	Spread pricing amounts paid to PBM	\$	-	\$ -	\$	-		
5e	Reinsurance premiums exceeding reinsurance recoveries	\$	85,898	\$ -	\$	85,898		
6	Other: Incurred claims assumed	\$	-	\$ -	\$	-		
7	Adjusted Incurred Claims	\$	1,442,611,467	\$ -	\$	1,442,611,467		
	Health Care Quality Improvement (HCQI) Expenses							
8	HCQI admin expenses	\$	16,731,107	\$ -	\$	16,731,10		
9	Exclusions to HCQI	\$	-	\$ -	\$	-		
	Health Information Technology (HIT) Expenses							
10	HIT administrative expenses	\$	1,635,109	\$ -	\$	1,635,109		
11	Exclusions to HIT expenses	\$	-	\$ -	\$	-		
12	External Quality Review (EQR) related expenses	\$	-	\$ -	\$	-		
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$	1,460,977,683	\$ -	\$	1,460,977,683		
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 33 below	\$	-	\$ -	\$	-		
16	Total Adjusted MLR Numerator	\$	1,460,977,683	\$ -	\$	1,460,977,683		
	Non-Claims Costs (For reporting purposes only, not included in Numerator)*							
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$	110,469,571	\$ -	\$	110,469,57		
18	Program Integrity Activities [42 CFR 438.608(a)(1) through (5), (7), (8) and (b)]. Must reconcile to the detail amounts on the Program Integrity Cost tab)	\$	5,635,057	\$ -	\$	5,635,057		
19	Adjustments to Non-Claims including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$	10,517,548	\$ -	\$	10,517,548		
20	Total Adjusted Non-Claims Cost	\$	126,622,175	\$ -	\$	126,622,175		

Denomina	Denominator							
21	Healthy Louisiana Premium Revenue	\$	1,658,979,192	\$	-	\$	1,658,979,192	
	Revenue Adjustments							
22	Less: Premium tax component of reported revenue	\$	86,893,265	\$	-	\$	86,893,265	
23	Less: Other taxes and licensing and regulatory fees	\$	(12,033,188)	\$	-	\$	(12,033,188)	
24	Net Annual MLR Revenue	\$	1,584,119,115	\$	-	\$	1,584,119,115	
25	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$	-	\$	-	\$	-	
26	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	\$	-	\$	-	\$	-	
27	Total Adjusted MLR Denominator	\$	1,584,119,115	\$	-	\$	1,584,119,115	



Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023 Expansion Population							
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts			
MLR Calcu	lation						
28	MLR Percentage Achieved	92.2%	0.0%	92.2%			
29	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%			
30	Percentage Below 85% Requirement	0.0%	0.0%	0.0%			
31	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -			

Reconciliation of Prior Year New Enrollee Capitation Exclusion							
32	Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$ -	\$ -	\$ -			
33	Less: Prior year incurred claims for excluded New Enrollees	\$ -	\$ -	\$ -			
34	Total Net Adjustment for New Enrollees from prior years	\$ -	\$ -	\$ -			

3	5	MLR Member Months	2,374,608	-	2,374,608

Credibility	Credibility Adjustment Applied						
36	MLR Percentage Achieved	0.0%	0.0%	0.0%			
37	Credibility Adjustment	0.0%	0.0%	0.0%			
38	Adjusted MLR Percentage Achieved	0.0%	0.0%	0.0%			
39	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%			
40	Percentage Below 85% Requirement	85.0%	0.0%	85.0%			
41	Dollar Amount of Rebate Requirement	0.0%	0.0%	0.0%			

<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. 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.



	Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023 Non-Expansion Population							
Line #	Line Description	Re	ported Amounts	Adjustment Amounts	Ad	djusted Amounts		
Numerato	ur .							
1	Total Incurred Claims	\$	1,692,830,885	\$ -	\$	1,692,830,885		
	Adjustments to Incurred Claims							
2	Deductions:							
2a	Prescription drug rebates	\$	499,859	\$ -	\$	499,859		
2b	Prompt pay discounts	\$	-	\$ -	\$	-		
2c	Overpayment recoveries received from providers	\$	-	\$ -	\$	-		
3	Inclusions:							
3a	Incentive and bonus payments made to providers	\$	108,716,441	\$ -	\$	108,716,441		
3b	Fraud reduction expenses	\$	-	\$ -	\$	-		
4	Optional Inclusion: Value-Added Services	\$	5,000,158	\$ -	\$	5,000,158		
5	Exclusions:							
5a	Non-Claims Costs	\$	13,009,609	\$ -	\$	13,009,609		
5b	Prior year MLR rebates paid to LDH	\$	-	\$ -	\$	-		
5c	Payments delegated vendors exceeding amount paid to providers	\$	-	\$ -	\$	-		
5d	Spread pricing amounts paid to PBM	\$	-	\$ -	\$	-		
5e	Reinsurance premiums exceeding reinsurance recoveries	\$	129,516	\$ -	\$	129,516		
6	Other: Incurred claims assumed	\$	-	\$ -	\$	-		
7	Adjusted Incurred Claims	\$	1,792,908,499	\$ -	\$	1,792,908,499		
	Health Care Quality Improvement (HCQI) Expenses							
8	HCQI admin expenses	\$	18,806,040	\$ -	\$	18,806,040		
9	Exclusions to HCQI	\$	-	\$ -	\$	-		
	Health Information Technology (HIT) Expenses			,				
10	HIT administrative expenses	\$	1,828,628	\$ -	\$	1,828,628		
11	Exclusions to HIT expenses	\$	-	\$ -	\$	-		
12	External Quality Review (EQR) related expenses	\$	-	\$ -	\$	-		
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$	1,813,543,166	\$ -	\$	1,813,543,166		
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 33 below	\$	-	\$ -	\$	-		
16	Total Adjusted MLR Numerator	\$	1,813,543,166	\$ -	\$	1,813,543,166		
	Non-Claims Costs (For reporting purposes only, not included in Numerator)*							
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$	126,559,415	\$ -	\$	126,559,415		
18	Program Integrity Activities [42 CFR 438.608(a)(1) through (5), (7), (8) and (b)]. Must reconcile to the detail amounts on the Program Integrity Cost tab)	\$	7,127,303	\$ -	\$	7,127,303		
19	Adjustments to Non-Claims including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$	13,009,609	\$ -	\$	13,009,609		
20	Total Adjusted Non-Claims Cost	\$	146,696,328	\$ -	\$	146,696,328		

Denomina	ator			
21	Healthy Louisiana Premium Revenue	\$ 1,912,697,519	\$ -	\$ 1,912,697,519
	Revenue Adjustments			
22	Less: Premium tax component of reported revenue	\$ 100,397,564	\$ -	\$ 100,397,564
23	Less: Other taxes and licensing and regulatory fees	\$ (23,702,883)	\$ -	\$ (23,702,883)
24	Net Annual MLR Revenue	\$ 1,836,002,838	\$ -	\$ 1,836,002,838
25	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$ -	\$ -
26	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	\$ -	\$ -	\$ -
27	Total Adjusted MLR Denominator	\$ 1,836,002,838	\$ -	\$ 1,836,002,838



	Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023 Non-Expansion Population							
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts				
MLR Calcu	lation							
28	MLR Percentage Achieved	98.8%	0.0%	98.8%				
29	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%				
30	Percentage Below 85% Requirement	0.0%	0.0%	0.0%				
31	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -				

Reconciliation of Prior Year New Enrollee Capitation Exclusion							
32	Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$ -	\$ -	\$ -			
33	Less: Prior year incurred claims for excluded New Enrollees	\$ -	\$ -	\$ -			
34	Total Net Adjustment for New Enrollees from prior years	\$ -	\$ -	\$ -			

35 MLR Member Months	4,257,646	-	4,257,646
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Credibility Adjustment Applied				
36	MLR Percentage Achieved	0.0%	0.0%	0.0%
37	Credibility Adjustment	0.0%	0.0%	0.0%
38	Adjusted MLR Percentage Achieved	0.0%	0.0%	0.0%
39	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%
40	Percentage Below 85% Requirement	85.0%	0.0%	85.0%
41	Dollar Amount of Rebate Requirement	0.0%	0.0%	0.0%

<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. 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.