# AETNA BETTER HEALTH OF LOUISIANA, INC. Healthy Louisiana Louisiana Medicaid Managed Care Programs

## **Adjusted Medical Loss Ratio**

## With Independent Accountant's Report Thereon

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For the Period of January 1, 2023 through June 30, 2023 Paid Through October 31, 2023





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State of Louisiana Louisiana Department of Health Baton Rouge, Louisiana

### Independent Accountant's Report

We have examined the accompanying Adjusted Medical Loss Ratios of Aetna Better Health of Louisiana, Inc. (health plan) for their Medicaid Non-Expansion and Expansion populations for the period of January 1, 2023 through June 30, 2023. The health plan's management is responsible for presenting the Medical Loss Ratios in accordance with the criteria set forth in 42 Code of Federal Regulations (CFR) § 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 Ratios 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 Ratios are presented in accordance with the criteria, in all material respects, and the Adjusted Medical Loss Ratios meet or exceed the Centers for Medicare & Medicaid Services (CMS) and state requirement of 85 percent for the Medicaid Non-Expansion and Expansion populations for the period of January 1, 2023, through June 30, 2023.

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 June 9, 2025

MYERS AND STAUFFER LC



## AETNA BETTER HEALTH OF LOUISIANA, INC. ADJUSTED MEDICAL LOSS RATIO NON-EXPANSION POPULATION

## Adjusted Medical Loss Ratio for the Period of January 1, 2023 through June 30, 2023 Paid Through October 31, 2023

	Adjusted Medical Loss Ratio for the Period of January 1, 2023 through June 30, 2023 Paid Through October 31, 2023 Non-Expansion Population								
Line #	Line Description		Reported Amounts		Adjustment Amounts		Adjusted Amounts		
Numerato	r								
1	Total Incurred Claims	\$	163,507,954	\$	15,646,889	\$	179,154,843		
	Adjustments to Incurred Claims								
2	Deductions:								
2a	Prescription drug rebates	\$	143,606	\$	-	\$	143,606		
2b	Prompt pay discounts	\$	-	\$	-	\$	-		
2c	Overpayment recoveries received from providers	\$	3,253,199	\$	-	\$	3,253,199		
3	Inclusions:								
3a	Incentive and bonus payments made to providers	\$	26,133,943	\$	(22,580,986)	\$	3,552,957		
3b	Fraud reduction expenses	\$	-	\$	-	\$	-		
3c	State Directed Payments (SDPs distributed to providers)	\$	44,743,736	\$	(1,010,895)	\$	43,732,841		
4	Optional Inclusion: Value-Added Services	\$	1,292,084	\$	-	\$	1,292,084		
5	Exclusions:								
5a	Non-Claims Costs	\$	-	\$	-	\$	-		
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	\$	-	\$	-	\$	-		
6	Other: Incurred claims assumed	\$	-	\$	-	\$	-		
7	Adjusted Incurred Claims	\$	232,280,912	\$	(7,944,992)	\$	224,335,920		
	Health Care Quality Improvement (HCQI) Expenses								
8	HCQI admin expenses	\$	3,693,691	\$	-	\$	3,693,691		
9	Exclusions to HCQI	\$	-	\$	-	\$	-		
	Health Information Technology (HIT) Expenses								
10	HIT administrative expenses	\$	-	\$	-	\$	-		
11	Exclusions to HIT expenses	\$	-	\$	-	\$	-		
12	External Quality Review (EQR) related expenses	\$	-	\$	-	\$	-		
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$	235,974,603	\$	(7,944,992)	\$	228,029,611		
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	\$	235,974,603	\$	(7,944,992)	\$	228,029,611		
	Non-Claims Costs (For reporting purposes only, not included in Numerator)*								
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$	13,924,026	\$	-	\$	13,924,026		
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)	\$	707,882	\$	-	\$	707,882		
19	Adjustments to Non-Claims including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$	-	\$	-	\$	-		
20	Total Adjusted Non-Claims Cost	\$	14,631,908	\$	-	\$	14,631,908		



## Adjusted Medical Loss Ratio for the Period of January 1, 2023 through June 30, 2023 Paid Through October 31, 2023

	Adjusted Medical Loss Ratio for the Period of January 1, 2023 through June 30, 2023 Paid Through October 31, 2023 Non-Expansion Population							
Line #	Line Description		Reported Amounts		Adjustment Amounts		Adjusted Amounts	
Denomina	tor							
21	Healthy Louisiana Premium Revenue	\$	222,641,529	\$	(7,148,554)	\$	215,492,975	
22	Directed Payments	\$	47,347,869	\$	(1,069,730)		46,278,139	
	Revenue Adjustments							
23	Less: Premium tax component of reported revenue	\$	14,287,510	\$	(58,835)	\$	14,228,675	
24	Less: Other taxes and licensing and regulatory fees	\$	2,908,743	\$	(2,599,044)	\$	309,699	
25	Net Annual MLR Revenue	\$	252,793,145	\$	(5,560,405)	\$	247,232,740	
26	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$	-	\$	-	\$	-	
27	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	\$	-	\$	-	\$	-	
28	Total Adjusted MLR Denominator	\$	252,793,145	\$	(5,560,405)	\$	247,232,740	
/LR Calcu	lation							
29	MLR Percentage Achieved (Unadjusted MLR)		93.3%		-1.1%		92.2	
30	Credibility Adjustment		0.0%		0.0%		0.0	
31	Adjusted MLR		93.3%		-1.1%		92.2	
32	MLR Percentage Requirement for Rebate Calculation		85.0%				85.0	
33	Calculated Percentage for Remittance Purposes		0.0%		0.0%		0.0	
34	Dollar Amount of Rebate Requirement	\$	-	\$	-	\$	-	
Reconcilia	tion of Prior Year New Enrollee Capitation Exclusion							
35	Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$	-	\$	-	\$	-	
36	Less: Prior year incurred claims for excluded New Enrollees	\$	-	\$	-	\$	-	
37	Total Net Adjustment for New Enrollees from prior years	\$	-	\$	-	\$	-	
38	MLR Member Months		585,428		-		585,428	

\*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.



## AETNA BETTER HEALTH OF LOUISIANA, INC. ADJUSTED MEDICAL LOSS RATIO EXPANSION POPULATION

## Adjusted Medical Loss Ratio for the Period of January 1, 2023 through June 30, 2023 Paid Through October 31, 2023

Adjusted Medical Loss Ratio for the Period of January 1, 2023 through June 30, 2023 Paid Through October 31, 2023 Expansion Population							
Line #	Line Description	R	eported Amounts		Adjustment Amounts		Adjusted Amounts
Numerato	r						
1	Total Incurred Claims	\$	238,599,927	\$	22,062,073	\$	260,662,000
	Adjustments to Incurred Claims						
2	Deductions:						
2a	Prescription drug rebates	\$	322,189	\$	-	\$	322,189
2b	Prompt pay discounts	\$	-	\$	-	\$	-
2c	Overpayment recoveries received from providers	\$	2,712,521	\$	-	\$	2,712,521
3	Inclusions:						
Зa	Incentive and bonus payments made to providers	\$	35,367,666	\$	(32,463,219)	\$	2,904,447
3b	Fraud reduction expenses	\$	-	\$	-	\$	-
Зc	State Directed Payments (SDPs distributed to providers)	\$	67,115,604	\$	1,253,415	\$	68,369,019
4	Optional Inclusion: Value-Added Services	\$	3,116,871	\$	-	\$	3,116,871
5	Exclusions:						
5a	Non-Claims Costs	\$	-	\$	-	\$	-
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	\$	-	\$	-	\$	-
6	Other: Incurred claims assumed	\$	-	\$	-	\$	-
7	Adjusted Incurred Claims	\$	341,165,358	\$	(9,147,731)	\$	332,017,627
	Health Care Quality Improvement (HCQI) Expenses						
8	HCQI admin expenses	\$	4,396,278	\$	-	\$	4,396,278
9	Exclusions to HCQI	\$	-	\$	-	\$	-
	Health Information Technology (HIT) Expenses						
10	HIT administrative expenses	\$	-	\$	-	\$	-
11	Exclusions to HIT expenses	\$	-	\$	-	\$	-
12	External Quality Review (EQR) related expenses	\$	-	\$	-	\$	-
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$	345,561,637	\$	-	\$	345,561,637
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	\$	345,561,637	\$	(9,147,731)	\$	336,413,906
	Non-Claims Costs (For reporting purposes only, not included in Numerator)*						
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$	20,318,716	\$	-	\$	20,318,716
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)	\$	1,032,980	\$	-	\$	1,032,980
19	Adjustments to Non-Claims including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$	-	\$	-	\$	-
20	Total Adjusted Non-Claims Cost	\$	21,351,696	Ś		\$	21,351,696



## Adjusted Medical Loss Ratio for the Period of January 1, 2023 through June 30, 2023 Paid Through October 31, 2023

	Adjusted Medical Loss Ratio for the Period of January 1, 2023 through June 30, 2023 Paid Through October 31, 2023						
	Expansi	on P	opulation				
Line #	Line Description		Reported Amounts		Adjustment Amounts		Adjusted Amounts
Denomina	tor						
21	Healthy Louisiana Premium Revenue	\$	326,817,563	\$	(10,722,831)	Ś	316,094,732
22	Directed Payments	Ś	71,021,804	Ś	1,326,365	<u> </u>	72,348,169
	Revenue Adjustments		,- ,		,- ,		,,
23	Less: Premium tax component of reported revenue	\$	21,406,539	\$	72,950	\$	21,479,489
24	Less: Other taxes and licensing and regulatory fees	\$	7,785,970	\$	(6,956,984)	\$	828,986
25	Net Annual MLR Revenue	\$	368,646,858	Ś	(2,512,432)	\$	366,134,426
26	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$	-	\$	-	\$	-
27	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	\$	-	\$	-	\$	-
28	Total Adjusted MLR Denominator	\$	368,646,858	\$	(2,512,432)	\$	366,134,426
MLR Calcu	· ·	7		Ŧ	(_// :/	+	
29	MLR Percentage Achieved (Unadjusted MLR)		93.7%		-1.8%	_	91.9%
30	Credibility Adjustment		0.0%		0.0%		0.0%
31	Adjusted MLR		93.7%		-1.8%		91.9%
32	MLR Percentage Requirement for Rebate Calculation		85.0%				85.09
33	Calculated Percentage for Remittance Purposes		0.0%		0.0%		0.0%
34	Dollar Amount of Rebate Requirement	\$	-	\$	-	\$	-
Reconcilia	tion of Prior Year New Enrollee Capitation Exclusion						
35	Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$	-	\$	-	\$	-
36	Less: Prior year incurred claims for excluded New Enrollees	\$	-	\$	-	\$	-
37	Total Net Adjustment for New Enrollees from prior years	\$	-	\$	-	\$	-
38	MLR Member Months		478.715		-		478,715

\*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**

During our examination, we identified the following adjustments.

### Adjustment #1 – To reclassify FMP expenses from provider incentives to incurred claims

The health plan reported Full Medicaid Pricing (FMP) expenses in provider incentives. FMP expenses should be reported in incurred claims. We will reclassify FMP expenses from provider incentives to incurred claims. The reclassification will be an adjustment as shown below. The MLR numerator reporting requirements are addressed in the Healthy Louisiana's MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR § 438.8(e).

	Proposed Adjustment – Non-Expansion						
Line #	Line Description	Amount					
1	Total Incurred Claims	\$15,646,889					
3a	Incentive and bonus payments made to providers	(\$15,646,889)					

	Proposed Adjustment – Expansion						
Line #	Line Description	Amount					
1	Total Incurred Claims	\$22,062,073					
3a	Incentive and bonus payments made to providers	(\$22,062,073)					

# Adjustment #2 – To remove contracted incentive program payments and expenses qualifying under 42 CFR § 438.6(b)(2)

The health plan reported Louisiana's Managed Care Incentive Payment (MCIP) expenses and revenues in the numerator and denominator, respectively, within the health plan's MLR filing. This contracted incentive program qualifies under 42 CFR § 438.6(b)(2) and both the incentive revenue received by the health plan and any health plan distributions to its providers associated with this program are excludable from the MLR calculation. Incentive program payments qualifying under 42 CFR § 438.6(b)(2) are not listed as includable for the MLR calculation and this exclusion treatment is further confirmed within the MLR final rule commentary. Therefore, adjustments were proposed to remove the as-filed MLR expenses and revenues for the Non-Expansion and Expansion populations related to this incentive program. The MLR numerator and denominator reporting requirements are addressed in the Healthy Louisiana's MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR §§ 438.8(e) and 438.8(f).



	Proposed Adjustment – Non-Expansion						
Line #	Line Description	Amount					
3a	Incentive and bonus payments made to providers	(\$6,934,097)					
21	Healthy Louisiana Premium Revenue	(\$7,148,554)					

	Proposed Adjustment – Expansion						
Line #	Line Description	Amount					
3a	Incentive and bonus payments made to providers	(\$10,401,146)					
21	Healthy Louisiana Premium Revenue	(\$10,722,831)					

#### Adjustment #3 – To adjust income tax to the verified amounts

The health plan reported income taxes on the as-filed MLR. We verified income tax by using the audited financial statements and determined an adjustment was necessary. The difference between the as-filed amounts and the verified amounts will be an adjustment as shown below. The MLR denominator reporting requirements are addressed in the Healthy Louisiana's MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

	Proposed Adjustment – Non-Expansion					
Line # Line Description Amount						
24	Less: Other taxes and licensing and regulatory fees	(\$2,599,044)				

	Proposed Adjustment – Expansion					
Line # Line Description Amount						
24	Less: Other taxes and licensing and regulatory fees	(\$6,956,984)				

#### Adjustment #4 - To adjust State directed payments to the verified amounts

The health plan reported state directed payments and premium tax on the as-filed MLR. We will make an adjustment to the direct payments to the verified State amounts. We will also make an adjustment to the premium taxes based on the adjusted direct payments. The difference between the as-filed amounts and the verified amounts will be an adjustment as shown below. The MLR numerator and denominator reporting requirements are addressed in the Healthy Louisiana's MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR §§ 438.8(e) and 438.8(f).



	Proposed Adjustment – Non-Expansion						
Line #	Line Description	Amount					
3c	State Directed Payments (SDPs distributed to providers)	(\$1,010,895)					
22	Directed Payments	(\$1,069,730)					
23	Less: Premium tax component of reported revenue	(\$58,835)					

Proposed Adjustment – Expansion		
Line #	Line Description	Amount
3c	State Directed Payments (SDPs distributed to providers)	\$1,253,415
22	Directed Payments	\$1,326,365
23	Less: Premium tax component of reported revenue	\$72,950