HEALTHY BLUE 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 Community Care Health Plan of Louisiana, Inc. dba Healthy Blue (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 11, 2025

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

Adjusted Medical Loss Ratio for the Period of Janunary 1, 2023 through June 30, 2023 Paid Through October 31, 2023 Non-Expansion Population					
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts	
Numerator					
1	Total Incurred Claims	\$ 424,135,092	\$ -	\$ 424,135,092	
	Adjustments to Incurred Claims				
2	Deductions:				
2a	Prescription drug rebates	\$ 674,652	\$ -	\$ 674,652	
2b	Prompt pay discounts	\$ -	\$ -	\$ -	
2c	Overpayment recoveries received from providers	\$ -	\$-	\$-	
3	Inclusions:				
3a	Incentive and bonus payments made to providers	\$ 16,962,232	\$ (15,468,875)	\$ 1,493,357	
3b	Fraud reduction expenses	\$ -	\$ -	\$ -	
3c	State Directed Payments (SDP's distributed to providers)	\$ 117,624,800	\$ -	\$ 117,624,800	
4	Optional Inclusion: Value-Added Services	\$ 1,536,023	\$ -	\$ 1,536,023	
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	\$ 559,583,495	\$ (15,468,875)		
	Health Care Quality Improvement (HCQI) Expenses		, , , , , , , , , , , , , , , , , , , ,		
8	HCQI admin expenses	\$ 4,537,485	\$ -	\$ 4,537,485	
9	Exclusions to HCQI	\$ 294,511	÷ \$ -	\$ 294,511	
-	Health Information Technology (HIT) Expenses	+	*	+	
10	HIT administrative expenses	\$ 875,560	\$ -	\$ 875,560	
11	Exclusions to HIT expenses	\$ -	÷ \$ -	\$ -	
12	External Quality Review (EQR) related expenses	\$ -	÷ \$ -	\$ -	
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$ 564,702,029	\$ (15,468,875)		
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	\$ 564,702,029	\$ (15,468,875)	\$ 549,233,154	
	Non-Claims Costs (For reporting purposes only, not included in Numerator)*				
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 26,660,404	\$-	\$ 26,660,404	
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)	\$ 812,158	\$ -	\$ 812,158	
19	Adjustments to Non-Claims including amounts removed in the line 5	\$ -	\$ -	\$ -	
20	exclusions. (Excluding any related party profit) Total Adjusted Non-Claims Cost	\$ 27,472,562	\$ -	\$ 27,472,562	



### HEALTHY BLUE ADJUSTED MEDICAL LOSS RATIO NON-EXPANSION POPULATION

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

Adjusted Medical Loss Ratio for the Period of Janunary 1, 2023 through June 30, 2023 Paid Through October 31, 2023				
Non-Expansion Population				
Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts	
pr				
Healthy Louisiana Premium Revenue	\$ 533,102,570	\$ (47,586,710)	\$ 485,515,860	
Directed Payments	\$ 126,917,896	\$-	\$ 126,917,896	
Revenue Adjustments				
Less: Premium tax component of reported revenue	\$ 35,551,218	\$ (1,867,362)	\$ 33,683,856	
Less: Other taxes and licensing and regulatory fees	\$ 3,507,824	\$-	\$ 3,507,824	
Net Annual MLR Revenue	\$ 620,961,424	\$ (45,719,348)	\$ 575,242,076	
Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$-	\$ -	
enrollees (net of premium tax component) deferred from prior year from line	\$-	\$-	\$ -	
	\$ 620,961,424	\$ (45,719,348)	\$ 575,242,076	
tion	00.0%	4.00	05.50	
			95.5%	
			0.0%	
		4.6%	95.5%	
			85.0%	
			0.0%	
Dollar Amount of Rebate Requirement	Ş -	Ş -	\$ -	
on of Prior Year New Enrollee Capitation Exclusion				
Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$ -	\$ -	\$ -	
Less: Prior year incurred claims for excluded New Enrollees	\$-	\$ -	\$-	
Total Net Adjustment for New Enrollees from prior years	\$ -	\$ -	\$ -	
MID Momber Months	1 127 672		1,127,673	
	Non-Expansion Pop         Line Description         In Directed Payments         Revenue Adjustments         Less: Premium tax component of reported revenue         Less: Other taxes and licensing and regulatory fees         Net Annual MLR Revenue         Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)         Add: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)         Add: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)         Add: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)         Add: Adjustment for S0% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)         Add: Adjusted MLR Denominator         Total Adjusted MLR Denominator         Total Adjusted MLR         MLR Percentage Achieved (Unadjusted MLR)         Credibility Adjustment         Adjusted MLR         MLR Percentage Requirement for Rebate Calculation       Calculated Percentage for Remittance Purposes       Dollar Amount of Rebate Requirement       On of Prior Year New Enrollee Capitation Exclusion       Prior year new enrollee capitati	Non-Expansion Population           Line Description         Reported Amounts           Idealthy Louisiana Premium Revenue         \$ 533,102,570           Directed Payments         \$ 126,917,896           Revenue Adjustments         Idealthy Louisiana Premium Revenue         \$ 35,551,218           Less: Premium tax component of reported revenue         \$ 35,551,218         Idealthy Less: Other taxes and licensing and regulatory fees         \$ 35,507,824           Net Annual MLR Revenue         \$ 620,961,424         \$ 620,961,424         Ideas: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)         \$ -         -           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         \$ -         -           Total Adjusted MLR Denominator         \$ 620,961,424         \$ -         -           MLR Percentage Achieved (Unadjusted MLR)         90.9%         \$ -         -           Order MLR         90.9%         Credibility Adjustment         90.9%         -           Outated Percentage Requirement for Rebate Calculation         85.0%         -         -           On of Prior Year New Enrollee Capitation Exclusion         \$ -         -         -           Prior year new enrollee capitation adjustment exclusion (net of premium tax) <td>Non-Expansion PopulationLine DescriptionReported AmountsAdjustment Amountsr</td>	Non-Expansion PopulationLine DescriptionReported AmountsAdjustment Amountsr	

\*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.



#### HEALTHY BLUE ADJUSTED MEDICAL LOSS RATIO EXPANSION POPULATION

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

Adjusted Medical Loss Ratio for the Period of Janunary 1, 2023 through June 30, 2023 Paid Through October 31, 2023 Expansion Population					
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts	
lumerator		1			
1	Total Incurred Claims	\$ 510,411,219	\$ -	\$ 510,411,219	
	Adjustments to Incurred Claims		·		
2	Deductions:				
2a	Prescription drug rebates	\$ 1,156,805	\$-	\$ 1,156,80	
2b	Prompt pay discounts	\$ -	\$ -	\$-	
2c	Overpayment recoveries received from providers	\$ -	\$ -	\$-	
3	Inclusions:		·		
3a	Incentive and bonus payments made to providers	\$ 24,155,733	\$ (22,294,501)	\$ 1,861,23	
3b	Fraud reduction expenses	\$ -	\$ -	\$-	
3c	State Directed Payments (SDP's distributed to providers)	\$ 138,653,852	\$ -	\$ 138,653,85	
4	Optional Inclusion: Value-Added Services	\$ 3,203,841	\$ -	\$ 3,203,84	
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	\$ 675,267,840	\$ (22,294,501)	\$ 652,973,33	
	Health Care Quality Improvement (HCQI) Expenses				
8	HCQI admin expenses	\$ 4,573,045	\$ -	\$ 4,573,04	
9	Exclusions to HCQI	\$ 296,819	\$ -	\$ 296,81	
	Health Information Technology (HIT) Expenses				
10	HIT administrative expenses	\$ 882,421	\$ -	\$ 882,42	
11	Exclusions to HIT expenses	\$ -	\$ -	\$-	
12	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -	
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$ 680,426,487	\$ (22,294,501)	\$ 658,131,98	
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	\$ 680,426,487	\$ (22,294,501)	\$ 658,131,98	
	Non-Claims Costs (For reporting purposes only, not included in Numerator)*				
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 26,869,337	\$-	\$ 26,869,33	
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)	\$ 688,034	\$ -	\$ 688,03	
19	Adjustments to Non-Claims including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$-	
20	Total Adjusted Non-Claims Cost	\$ 27,557,371	\$ -	\$ 27,557,37	



#### HEALTHY BLUE ADJUSTED MEDICAL LOSS RATIO EXPANSION POPULATION

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

Expansion Population					
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts	
enominato	•				
21	Healthy Louisiana Premium Revenue	\$ 588,052,668	\$ 11,584,652	\$ 599,637,32	
22	Directed Payments	\$ 150,713,242	\$-	\$ 150,713,24	
	Revenue Adjustments				
23	Less: Premium tax component of reported revenue	\$ 39,575,363	\$ 1,693,918	\$ 41,269,28	
24	Less: Other taxes and licensing and regulatory fees	\$ -	\$-	\$-	
25	Net Annual MLR Revenue	\$ 699,190,548	\$ 9,890,734	\$ 709,081,28	
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	\$ 699,190,548	\$ 9,890,734	\$ 709,081,28	
ILR Calculat					
29	MLR Percentage Achieved (Unadjusted MLR)	97.3%		92.8	
30	Credibility Adjustment	0.0%		0.0	
31	Adjusted MLR	97.3%		92.8	
32	MLR Percentage Requirement for Rebate Calculation	85.0%		85.0	
33	Calculated Percentage for Remittance Purposes	0.0%		0.0	
34	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -	
econciliatio	n 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	993,149	-	993,1	

\*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 the course of the examination, we identified the following adjustment(s).

# Adjustment #1 – 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	(\$15,468,875)	
21	Healthy Louisiana Premium Revenue	(\$15,947,294)	

	Proposed Adjustment – Expansion	
Line # Line Description		Amount
3a	Incentive and bonus payments made to providers	(\$22,294,501)
21	Healthy Louisiana Premium Revenue	(\$22,984,022)

#### Adjustment #2 – To adjust capitation amount to amount verified in state data.

The health plan reported premium revenue for the Non-Expansion population and the Expansion population which did not match the amount verified in the state data. The variance between the reported premium revenue amounts and the state's data will be an adjustment to line 21 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 Description	Amount			
ealthy Louisiana Premium Revenue	(\$31,639,416)			
	Line Description			

Proposed Adjustment – Expansion			
Line #	Amount		
21	Healthy Louisiana Premium Revenue	\$34,568,674	

#### Adjustment #3 – To adjust premium taxes to the verified amounts

The health plan reported premium taxes for the Non-Expansion population and the Expansion population which did not match the recalculation based on verified premium revenue using the state data. The variance between the reported premium tax amounts and the verified amounts will be an adjustment to line 23 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			
23	Less: Premium tax component of reported revenue	(\$1,867,362)	

Proposed Adjustment – Expansion			
Line # Line Description A			
23	Less: Premium tax component of reported revenue	\$1,693,918	