



Healthy Blue

Healthy Louisiana
Louisiana Medicaid
Managed Care Programs

Adjusted Medical Loss Ratio

(With Independent Accountant's Report Thereon)

For the State Fiscal Year Ended June 30, 2024

Paid Through October 31, 2024

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Independent Accountant's Report

Louisiana Department of Health
Baton Rouge, Louisiana

We have examined the accompanying Adjusted Medical Loss Ratios of Community Care Health Plan of Louisiana, Inc. dba Healthy Blue (health plan) for their Non-Expansion and Expansion populations for the state fiscal year ended June 30, 2024. 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 Ratio meets or exceeds the Centers for Medicare & Medicaid Services (CMS) requirement of 85 percent for their Medicaid Non-Expansion and Expansion populations for the state fiscal year ended June 30, 2024.

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
February 23, 2026

HEALTHY BLUE ADJUSTED MEDICAL LOSS RATIO NON-EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Medical Loss Ratio Numerator				
1	Total Incurred Claims	\$ 887,075,004	\$ (3,922,440)	\$ 883,152,564
	Adjustments to Incurred Claims			
2	Deductions:			
2a	Prescription drug rebates	\$ 732,714	\$ (297,247)	\$ 435,467
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ -	\$ -	\$ -
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ 33,156,534	\$ (30,942,978)	\$ 2,213,556
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
3c	State Directed Payments (SDPs distributed to providers)	\$ 272,322,610	\$ -	\$ 272,322,610
4	Optional Inclusion: Value-Added Services	\$ 5,019,946	\$ -	\$ 5,019,946
5	Exclusions:			
5a	Payments delegated vendors exceeding amount paid to providers	\$ -	\$ -	\$ -
5b	Spread pricing amounts paid to PBM	\$ -	\$ -	\$ -
6	Other: Incurred claims assumed	\$ -	\$ -	\$ -
7	Adjusted Incurred Claims	\$ 1,196,841,379	\$ (34,568,171)	\$ 1,162,273,208
	Health Care Quality Improvement (HCQI) Expenses			
8	HCQI admin expenses	\$ 9,063,069	\$ (1,831,237)	\$ 7,231,832
9	Exclusions to HCQI	\$ 847,523	\$ -	\$ 847,523
	Health Information Technology (HIT) Expenses			
10	HIT administrative expenses	\$ 2,574,715	\$ -	\$ 2,574,715
11	Exclusions to HIT expenses	\$ -	\$ -	\$ -
12	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$ 1,207,631,640	\$ (36,399,408)	\$ 1,171,232,232
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	\$ 1,207,631,640	\$ (36,399,408)	\$ 1,171,232,232
Non-Claims Costs (For reporting purposes only, not included in Numerator)*				
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 51,766,639	\$ -	\$ 51,766,639
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)	\$ 1,715,233	\$ -	\$ 1,715,233
19	Adjustments to Non-Claims including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
20	Total Adjusted Non-Claims Cost	\$ 53,481,871	\$ -	\$ 53,481,871

HEALTHY BLUE ADJUSTED MEDICAL LOSS RATIO NON-EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Medical Loss Ratio Denominator				
21	Healthy Louisiana Premium Revenue	\$ 960,957,958	\$ -	\$ 960,957,958
22	Directed Payments	\$ 279,316,492	\$ -	\$ 279,316,492
23	MCIP	\$ 30,333,839	\$ (30,333,839)	\$ (0)
24	Hep C Risk Corridor	\$ (5,246,138)	\$ -	\$ (5,246,138)
	Revenue Adjustments			
25	Less: Premium tax component of reported revenue	\$ 68,215,095	\$ -	\$ 68,215,095
26	Less: Other taxes and licensing and regulatory fees	\$ -	\$ -	\$ -
27	Net Annual MLR Revenue	\$ 1,197,147,056	\$ (30,333,839)	\$ 1,166,813,217
28	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$ -	\$ -
29	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	\$ -	\$ -	\$ -
30	Total Adjusted MLR Denominator	\$ 1,197,147,056	\$ (30,333,839)	\$ 1,166,813,217
MLR Calculation				
31	MLR Percentage Achieved (Unadjusted MLR)	100.9%	-0.5%	100.4%
32	Credibility Adjustment	0.0%	0.0%	0.0%
33	Adjusted MLR	100.9%	-0.5%	100.4%
34	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%
35	Calculated Percentage for Remittance Purposes	0.0%	0.0%	0.0%
36	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -
Reconciliation of Prior Year New Enrollee Capitation Exclusion				
37	Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$ -	\$ -	\$ -
38	Less: Prior year incurred claims for excluded New Enrollees	\$ -	\$ -	\$ -
39	Total Net Adjustment for New Enrollees from prior years	\$ -	\$ -	\$ -
40	MLR Member Months	2,089,457	-	2,089,457

*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.

**Percentages and amounts may not appear to foot and crossfoot due to rounding.

HEALTHY BLUE ADJUSTED MEDICAL LOSS RATIO EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Medical Loss Ratio Numerator				
1	Total Incurred Claims	\$ 974,873,386	\$ (5,314,646)	\$ 969,558,740
	Adjustments to Incurred Claims			
2	Deductions:			
2a	Prescription drug rebates	\$ 1,225,246	\$ (553,950)	\$ 671,296
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ -	\$ -	\$ -
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ 37,031,674	\$ (35,251,460)	\$ 1,780,214
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
3c	State Directed Payments (SDPs distributed to providers)	\$ 305,963,779	\$ -	\$ 305,963,779
4	Optional Inclusion: Value-Added Services	\$ 9,382,105	\$ -	\$ 9,382,105
5	Exclusions:			
5a	Payments delegated vendors exceeding amount paid to providers	\$ -	\$ -	\$ -
5b	Spread pricing amounts paid to PBM	\$ -	\$ -	\$ -
6	Other: Incurred claims assumed	\$ -	\$ -	\$ -
7	Adjusted Incurred Claims	\$ 1,326,025,698	\$ (40,012,156)	\$ 1,286,013,542
	Health Care Quality Improvement (HCQI) Expenses			
8	HCQI admin expenses	\$ 8,201,442	\$ (1,657,141)	\$ 6,544,301
9	Exclusions to HCQI	\$ 766,949	\$ -	\$ 766,949
	Health Information Technology (HIT) Expenses			
10	HIT administrative expenses	\$ 2,329,936	\$ -	\$ 2,329,936
11	Exclusions to HIT expenses	\$ -	\$ -	\$ -
12	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$ 1,335,790,128	\$ (41,669,297)	\$ 1,294,120,831
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	\$ 1,335,790,128	\$ (41,669,297)	\$ 1,294,120,831
	Non-Claims Costs (For reporting purposes only, not included in Numerator)*			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 46,433,825	\$ -	\$ 46,433,825
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)	\$ 1,963,517	\$ -	\$ 1,963,517
19	Adjustments to Non-Claims including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
20	Total Adjusted Non-Claims Cost	\$ 48,397,342	\$ -	\$ 48,397,342

HEALTHY BLUE ADJUSTED MEDICAL LOSS RATIO EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Medical Loss Ratio Denominator				
21	Healthy Louisiana Premium Revenue	\$ 1,079,669,180	\$ -	\$ 1,079,669,180
22	Directed Payments	\$ 332,591,777	\$ -	\$ 332,591,777
23	MCIP	\$ 34,081,107	\$ (34,081,107)	\$ (0)
24	Hep C Risk Corridor	\$ (4,747,387)	\$ -	\$ (4,747,387)
	Revenue Adjustments			
25	Less: Premium tax component of reported revenue	\$ 77,674,353	\$ -	\$ 77,674,353
26	Less: Other taxes and licensing and regulatory fees	\$ -	\$ -	\$ -
27	Net Annual MLR Revenue	\$ 1,363,920,324	\$ (34,081,107)	\$ 1,329,839,217
28	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$ -	\$ -
29	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	\$ -	\$ -	\$ -
30	Total Adjusted MLR Denominator	\$ 1,363,920,324	\$ (34,081,107)	\$ 1,329,839,217
MLR Calculation				
31	MLR Percentage Achieved (Unadjusted MLR)	97.9%	-0.6%	97.3%
32	Credibility Adjustment	0.0%	0.0%	0.0%
33	Adjusted MLR	97.9%	-0.6%	97.3%
34	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%
35	Calculated Percentage for Remittance Purposes	0.0%	0.0%	0.0%
36	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -
Reconciliation of Prior Year New Enrollee Capitation Exclusion				
37	Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$ -	\$ -	\$ -
38	Less: Prior year incurred claims for excluded New Enrollees	\$ -	\$ -	\$ -
39	Total Net Adjustment for New Enrollees from prior years	\$ -	\$ -	\$ -
40	MLR Member Months	1,680,409	-	1,680,409

*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.

**Percentages and amounts may not appear to foot and crossfoot due to rounding.

Schedule of Adjustments

During the course of the engagement, we identified the following adjustment(s).

Adjustment #1 – To adjust incurred claims per health plan supporting documentation

The health plan included ancillary claims beyond the MLR incurred period as well as duplicate claim amounts in line 1 of the as-filed MLR. The adjustment below reflects the removal of these out-of-period ancillary claims and duplicate claims from line 1. 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).

Population	Line #	Line Description	Amount
Non-Expansion	1	Total Incurred Claims	(\$2,385,572)
Expansion	1	Total Incurred Claims	(\$2,687,301)

Adjustment #2 – To adjust pharmacy rate guarantees per PBM supporting documentation

The health plan reported pharmacy incurred claims for the pharmacy benefit manager (PBM), CarelonRx, Inc. It was determined that contracted rate guarantee calculations were calculated annually for participating pharmacies based on contracts with the PBM. The calculation outlined, at the Medicaid line of business level, the effective rates paid to pharmacies compared to the contracted discount rates and dispensing fees. The overall impact for the Medicaid line of business was a reduction in reimbursement to pharmacies. An adjustment was proposed to reduce incurred claims for the Medicaid rate guarantee calculated amount per the PBM’s supporting documentation. The incurred claims and third party reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2) and Center for Medicaid & CHIP Services Informational Bulletin: MLR Requirements Related to Third Party Vendors dated May 15, 2019.

Population	Line #	Line Description	Amount
Non-Expansion	1	Total Incurred Claims	(\$1,536,868)
Expansion	1	Total Incurred Claims	(\$2,627,345)

Adjustment #3 – To adjust pharmacy rebates per PBM certification statement

The health plan reported pharmacy rebate amounts for the PBM. A certification statement was submitted to support the PBM’s actual rebate amounts for the MLR reporting period, which did not reconcile to the health plan reported amount. The adjustment below reflects the difference between the reported pharmacy rebate amounts and the amounts verified per the PBM certification statement. 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).

Population	Line #	Line Description	Amount
Non-Expansion	2a	Prescription drug rebates	(\$297,247)
Expansion	2a	Prescription drug rebates	(\$553,950)

Adjustment #4 – To adjust provider incentive payments per health plan supporting documentation

The health plan reported provider incentive payments for the MLR reporting period. It was determined the health plan included incentive payments not applicable to the period under review. An adjustment was proposed to remove these amounts. The provider incentive reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Population	Line #	Line Description	Amount
Non-Expansion	3a	Incentive and bonus payments made to providers	(\$1,519,155)
Expansion	3a	Incentive and bonus payments made to providers	(\$2,192,787)

Adjustment #5 – To remove non-qualifying Health Care Quality Improvement (HCQI) expenses per health plan supporting documentation

The health plan reported health care quality improvement (HCQI) expenses based on salaries and benefits for personnel providing these services. It was determined the health plan included non-qualifying expenses based on federal guidance. An adjustment was proposed to remove non-qualifying salaries and benefits per health plan supporting documentation. The HCQI/HIT reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(3).

Population	Line #	Line Description	Amount
Non-Expansion	8	HCQI administrative expenses	(\$1,831,237)
Expansion	8	HCQI administrative expenses	(\$1,657,141)

Adjustment #6 – 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 MLR filing. This contracted incentive program is set up under 42 CFR § 438.6(b)(2) which is not includable in the MLR calculation. 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. 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).

Population	Line #	Line Description	Amount
Non-Expansion	3a	Incentive and bonus payments made to providers	(\$29,423,823)
Non-Expansion	23	MCIP	(\$30,333,839)
Expansion	3a	Incentive and bonus payments made to providers	(\$33,058,673)
Expansion	23	MCIP	(\$34,081,107)