



Louisiana Healthcare  
Connections, Inc.

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

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Louisiana Department of Health  
Baton Rouge, Louisiana

We have examined the accompanying Adjusted Medical Loss Ratios of Louisiana Healthcare Connections, Inc. (health plan) for their Medicaid 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 Ratios for both the Medicaid Non-Expansion and Expansion populations meet or exceed the Centers for Medicare & Medicaid Services (CMS) and state requirement of 85 percent 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 26, 2026

LOUISIANA HEALTHCARE CONNECTIONS, INC.  
ADJUSTED MEDICAL LOSS RATIO  
NON-EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Medical Loss Ratio Numerator</b>				
1	<b>Total Incurred Claims</b>	\$ 1,411,895,022	\$ (23,031,577)	\$ 1,388,863,445
	Adjustments to Incurred Claims			
2	Deductions:			
2a	Prescription drug rebates	\$ 241,370	\$ -	\$ 241,370
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 9,187,917	\$ -	\$ 9,187,917
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ 55,509,674	\$ (45,613,062)	\$ 9,896,612
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
3c	State Directed Payments (SDPs distributed to providers)	\$ 435,341,529	\$ -	\$ 435,341,529
4	Optional Inclusion: Value-Added Services	\$ 2,741,391	\$ -	\$ 2,741,391
5	Exclusions:			
5a	Payments delegated vendors exceeding amount paid to providers	\$ 2,497,278	\$ 7,060,225	\$ 9,557,503
5b	Spread pricing amounts paid to PBM	\$ -	\$ -	\$ -
6	Other: Incurred claims assumed	\$ -	\$ -	\$ -
7	<b>Adjusted Incurred Claims</b>	\$ 1,893,561,050	\$ (75,704,864)	\$ 1,817,856,186
	Health Care Quality Improvement (HCQI) Expenses			
8	HCQI admin expenses	\$ 15,930,019	\$ 5,458,841	\$ 21,388,860
9	Exclusions to HCQI	\$ -	\$ -	\$ -
	Health Information Technology (HIT) Expenses			
10	HIT administrative expenses	\$ 3,040,819	\$ -	\$ 3,040,819
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>	\$ 1,912,531,888	\$ (70,246,023)	\$ 1,842,285,865
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	<b>Total Adjusted MLR Numerator</b>	\$ 1,912,531,888	\$ (70,246,023)	\$ 1,842,285,865
	<b>Non-Claims Costs (For reporting purposes only, not included in Numerator)*</b>			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 82,637,316	\$ -	\$ 82,637,316
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)	\$ 7,669,879	\$ -	\$ 7,669,879
19	Adjustments to Non-Claims including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
20	<b>Total Adjusted Non-Claims Cost</b>	\$ 90,307,195	\$ -	\$ 90,307,195

# LOUISIANA HEALTHCARE CONNECTIONS, INC. ADJUSTED MEDICAL LOSS RATIO NON-EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Medical Loss Ratio Denominator</b>				
21	<b>Healthy Louisiana Premium Revenue</b>	\$ 1,582,851,173	\$ -	\$ 1,582,851,173
22	Directed Payments	\$ 442,242,985	\$ -	\$ 442,242,985
23	MCIP	\$ 46,689,841	\$ (46,689,841)	\$ 0
24	Hep C Risk Corridor	\$ (2,020,412)	\$ -	\$ (2,020,412)
	Revenue Adjustments			
25	Less: Premium tax component of reported revenue	\$ 111,380,179	\$ -	\$ 111,380,179
26	Less: Other taxes and licensing and regulatory fees	\$ (2,218,747)	\$ -	\$ (2,218,747)
27	<b>Net Annual MLR Revenue</b>	\$ 1,960,602,156	\$ (46,689,841)	\$ 1,913,912,315
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	<b>Total Adjusted MLR Denominator</b>	\$ 1,960,602,156	\$ (46,689,841)	\$ 1,913,912,315
<b>MLR Calculation</b>				
31	<b>MLR Percentage Achieved (Unadjusted MLR)</b>	97.5%	-1.3%	96.3%
32	<b>Credibility Adjustment</b>	0.0%	0.0%	0.0%
33	<b>Adjusted MLR</b>	97.5%	-1.3%	96.3%
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	\$ -	\$ -	\$ -
<b>Reconciliation of Prior Year New Enrollee Capitation Exclusion</b>				
37	Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$ -	\$ -	\$ -
38	Less: Prior year incurred claims for excluded New Enrollees	\$ -	\$ -	\$ -
39	<b>Total Net Adjustment for New Enrollees from prior years</b>	\$ -	\$ -	\$ -
40	<b>MLR Member Months</b>	3,709,911	-	3,709,911

\*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.

# LOUISIANA HEALTHCARE CONNECTIONS, INC.

## ADJUSTED MEDICAL LOSS RATIO

### EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Medical Loss Ratio Numerator</b>				
1	<b>Total Incurred Claims</b>	\$ 1,178,030,223	\$ (5,309,175)	\$ 1,172,721,048
	Adjustments to Incurred Claims			
2	Deductions:			
2a	Prescription drug rebates	\$ 256,771	\$ -	\$ 256,771
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 7,175,347	\$ -	\$ 7,175,347
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ 47,289,602	\$ (40,967,652)	\$ 6,321,950
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
3c	State Directed Payments (SDPs distributed to providers)	\$ 356,872,520	\$ -	\$ 356,872,520
4	Optional Inclusion: Value-Added Services	\$ 6,215,025	\$ -	\$ 6,215,025
5	Exclusions:			
5a	Payments delegated vendors exceeding amount paid to providers	\$ 9,832,398	\$ (3,085,048)	\$ 6,747,350
5b	Spread pricing amounts paid to PBM	\$ -	\$ -	\$ -
6	Other: Incurred claims assumed	\$ -	\$ -	\$ -
7	<b>Adjusted Incurred Claims</b>	\$ 1,571,142,853	\$ (43,191,779)	\$ 1,527,951,074
	Health Care Quality Improvement (HCQI) Expenses			
8	HCQI admin expenses	\$ 12,321,797	\$ 4,241,385	\$ 16,563,182
9	Exclusions to HCQI	\$ -	\$ -	\$ -
	Health Information Technology (HIT) Expenses			
10	HIT administrative expenses	\$ 2,418,076	\$ -	\$ 2,418,076
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>	\$ 1,585,882,726	\$ (38,950,394)	\$ 1,546,932,332
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	<b>Total Adjusted MLR Numerator</b>	\$ 1,585,882,726	\$ (38,950,394)	\$ 1,546,932,332
	<b>Non-Claims Costs (For reporting purposes only, not included in Numerator)*</b>			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 84,457,827	\$ -	\$ 84,457,827
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)	\$ 5,717,699	\$ -	\$ 5,717,699
19	Adjustments to Non-Claims including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
20	<b>Total Adjusted Non-Claims Cost</b>	\$ 90,175,526	\$ -	\$ 90,175,526

# LOUISIANA HEALTHCARE CONNECTIONS, INC. ADJUSTED MEDICAL LOSS RATIO EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Medical Loss Ratio Denominator</b>				
21	<b>Healthy Louisiana Premium Revenue</b>	\$ 1,291,982,017	\$ -	\$ 1,291,982,017
22	Directed Payments	\$ 396,078,760	\$ -	\$ 396,078,760
23	MCIP	\$ 42,021,376	\$ (42,021,376)	\$ (0)
24	Hep C Risk Corridor	\$ (4,940,307)	\$ -	\$ (4,940,307)
	Revenue Adjustments			
25	Less: Premium tax component of reported revenue	\$ 92,843,343	\$ -	\$ 92,843,343
26	Less: Other taxes and licensing and regulatory fees	\$ (986,862)	\$ -	\$ (986,862)
27	<b>Net Annual MLR Revenue</b>	\$ 1,633,285,366	\$ (42,021,376)	\$ 1,591,263,990
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	<b>Total Adjusted MLR Denominator</b>	\$ 1,633,285,366	\$ (42,021,376)	\$ 1,591,263,990
<b>MLR Calculation</b>				
31	<b>MLR Percentage Achieved (Unadjusted MLR)</b>	97.1%	0.1%	97.2%
32	<b>Credibility Adjustment</b>	0.0%	0.0%	0.0%
33	<b>Adjusted MLR</b>	97.1%	0.1%	97.2%
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	\$ -	\$ -	\$ -
<b>Reconciliation of Prior Year New Enrollee Capitation Exclusion</b>				
37	Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$ -	\$ -	\$ -
38	Less: Prior year incurred claims for excluded New Enrollees	\$ -	\$ -	\$ -
39	<b>Total Net Adjustment for New Enrollees from prior years</b>	\$ -	\$ -	\$ -
40	<b>MLR Member Months</b>	2,001,354	-	2,001,354

\*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 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	(\$45,289,146)
Non-Expansion	23	MCIP	(\$46,689,841)
Expansion	3a	Incentive and bonus payments made to providers	(\$40,760,734)
Expansion	23	MCIP	(\$42,021,376)

**Adjustment #2 – To adjust pharmacy claims per PBM certification statement**

The health plan reported services for the pharmacy benefit managers (PBM), CaremarkPCS Health LLC and Prime Therapeutics. Certification statements were submitted to support the vendors' actual claim payments incurred for services performed for the MLR reporting period, which did not reconcile to the health plan reported amount. Additionally, the health plan self-reported exclusions identified to be non-claims costs. An adjustment was proposed to line 1 to reflect the PBM certification statement amounts. Additionally, an second adjustment was proposed to reverse the self-reported exclusions from line 5a since the line 1 amounts were corrected. 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	(\$7,361,790)
Non-Expansion	5a	Payments to delegated vendors exceeding amount paid to providers	\$7,060,225
Expansion	1	Total Incurred Claims	\$8,223,515
Expansion	5a	Payments to delegated providers exceeding amount paid to providers	(\$3,085,048)

**Adjustment #3 – To adjust pharmacy rate guarantees per PBM supporting documentation**

The health plan reported pharmacy incurred claims for the PBM, CaremarkPCS Health LLC. 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 rate 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	(\$2,795,896)
Expansion	1	Total Incurred Claims	(\$1,615,319)

**Adjustment #4 – To adjust overstated provider incentive payments to supported amounts**

The health plan reported provider incentive payments for the MLR reporting period. It was determined the health plan’s reported amounts were overstated due to the inclusion of out-of-period incentives and a calculation error. An adjustment was proposed to decrease provider incentive payments per health plan supporting documentation. The provider incentive payments 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	(\$323,916)
Expansion	3a	Incentive and bonus payments made to providers	(\$206,918)

**Adjustment #5 – To remove non-qualifying HCQI/HIT expenses per health plan supporting documentation**

The health plan reported health care quality improvement (HCQI) and health information technology (HIT) expenses based on salaries and benefits and vendor costs. 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 and vendor costs 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	(\$3,391,665)
Expansion	8	HCQI administrative expenses	(\$2,635,240)

**Adjustment #6 – To reclassify care coordination expenses reported in account 5260 from incurred claims to HCQI.**

The health plan reported care coordination expenses in account 5260 as part of the reported incurred claims amount. After further testing, it was determined that these expenses partially qualify as HCQI. An adjustment was proposed to remove these expenses from line 1 and to partially reclassify the expenses directly related to providing care coordination to line 8. The portion of expenses related to overhead or profit should be classified as non-claims expense. 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	1	Total Incurred Claims	(\$5,203,067)
Non-Expansion	8	HCQI administrative expenses	\$3,209,012
Expansion	1	Total Incurred Claims	(\$3,096,195)
Expansion	8	HCQI administrative expenses	\$2,493,323

**Adjustment #7 – To remove non-medical expense reported in account 5380 from incurred claims and to reclassify care coordination expenses to HCQI.**

The health plan reported care coordination expenses and other non-medical expenses in account 5380 as part of the incurred claims amount. After further testing, it was determined that these expenses partially qualify as HCQI. An adjustment was proposed to remove these expenses from line 1 and to partially reclassify the expenses related directly related to providing care coordination to line 8. The portion of expenses related to overhead, profit, or which are non-medical should be classified as non-claims expense. The incurred medical claim and HCQI/HIT reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e).

Population	Line #	Line Description	Amount
Non-Expansion	1	Total Incurred Claims	(\$7,670,824)
Non-Expansion	8	HCQI administrative expenses	\$5,641,494
Expansion	1	Total Incurred Claims	(\$8,821,176)
Expansion	8	HCQI administrative expenses	\$4,383,302