

September 16, 2024

Via Electronic Mail

Louisiana Department of Health Amanda Joyner, OBH Deputy Assistant Secretary 628 N. 4th Street Baton Rouge, LA 70802

Re: Adjusted Medical Loss Ratio Examination Report Transmittal

Enclosed is the amended independent accountant's report for Magellan Complete Care of Louisiana, Inc.'s Adjusted Medical Loss Ratio for the calendar year ended December 31, 2021.

In May of 2023, the state settled additional member issues dating back to November 2018 through December 2021. This additional settlement impacted the MLR filing for the calendar year ended December 31, 2021 due to Magellan Complete Care of Louisiana, Inc.'s Adjusted Medical Loss Ratio being below 85 percent. We updated our analysis and are re-issuing the MLR examination report to explicitly update the "Adjustment Amounts" column for Lines 16, 18, and 19 on page 4 to reflect the impact of the additional settlement amounts from the state.

Please destroy all copies of the previously issued report submitted April 17, 2023. Please share the amended report with all parties previously receiving a copy of the original report and ask them to destroy all original report copies.

Please contact us at the phone number below if you have questions.

Kind Regards,

Myers and Stauffer LC

MED MAGELLAN COMPLETE CARE OF LOUISIANA, INC. Medicaid Managed Care Programs

**Report on Adjusted Medical Loss Ratio** <u>With Independent Accountant's Report Thereon</u>

For the Calendar Year Ended December 31, 2021 Paid through April 30, 2022





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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 Ratio of Magellan Complete Care of Louisiana, Inc. (health plan) for the calendar year ended December 31, 2021. The health plan's management is responsible for presenting the Medical Loss Ratio (MLR) Reporting in accordance with the criteria set forth in Healthy Louisiana's MLR Reporting Guide, 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 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 above referenced accompanying Adjusted Medical Loss Ratio is presented in accordance with the above referenced criteria, in all material respects, and the Adjusted Medical Loss Ratio does not



exceed the Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) for the calendar year ended December 31, 2021.

This report and the accompanying Adjusted Medical Loss Ratio replaces a previously issued report. This report has been restated to incorporate additional settlement amounts paid by the State of Louisiana. This report supersedes all other previous reports.

This report is intended solely for the information and use of the Louisiana Department of Health 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, GA September 6, 2024



# MAGELLAN COMPLETE CARE OF LOUISIANA, INC. ADJUSTED MEDICAL LOSS RATIO

Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2021 Paid Through April 30, 2022

			Reported	Adjustment		Adjusted
Line #	Line Description		Amounts	Amounts		Amounts
Expenses						
1	Total Incurred Claims	\$	41,298,537	\$ -	\$	41,298,537
	Adjustments to Incurred Claims					
2	Deductions:					
2a	Prompt pay discounts	\$	-	\$ -	\$	-
2b	Overpayment recoveries received from providers	\$	-	\$ -	\$	-
3	Inclusions:					
3a	Incentive and bonus payments made to providers	\$	-	\$ -	\$	-
3b	Fraud reduction expenses	\$	-	\$ -	\$	-
4	Exclusions:					
4a	Non-Claims Costs	\$	-	\$ -	\$	-
4b	Prior year MLR rebates paid to LDH	\$	-	\$-	\$	-
4c	Payments to delegated vendors exceeding amount paid to providers	\$	-	\$ -	\$	-
4d	Reinsurance premiums exceeding reinsurance recoveries	\$	-	ş -	\$	-
5	Other Adjustments					
6	Adjusted Incurred Claims	\$	41,298,537	\$-	\$	41,298,53
7	Health Care Quality Improvement (HCQI) Expenses					
7a	HCQI administrative expenses	\$	2,206,285	\$ 107,673	\$	2,313,95
7b	Exclusions to HCQI	\$	-	\$-	\$	-
8	Health Information Technology (HIT) Expenses					
8a	HIT administrative expenses	\$	-	ş -	\$	-
8b	Exclusions to HIT expenses	\$	-	\$ -	\$	-
9	External Quality Review (EQR) related expenses	\$	-	\$ -	\$	-
10	Adjusted HCQI, HIT and EQR Expenses	\$	2,206,285	\$ 107,673	\$	2,313,95
11	Total Adjusted MLR Numerator	\$	43,504,822	\$ 107,673	\$	43,612,49
	Non-Claims Cost (For reporting purposes only, not included in Numerator)					
12	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)*	\$	9,093,451	\$ (107,673)	\$	8,985,77
13	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)	\$	412,202	\$ -	\$	412,202
14	Adjustments to Non-Claims Cost including amounts removed in the line 9 exclusions. (Excluding any related party profit)	\$	-	\$ -	\$	-
15	Total Adjusted Non-Claim Cost	\$	9,505,653	\$ (107,673)	Ś	9,397,98
Revenues		•	-,,	+ (,,	Ŧ	-,,
16	Healthy Louisiana Premium Revenue	\$	63,857,040	\$ 332,904	Ś	64,189,94
	Revenue Adjustments					,==5,5 .
17	Less: Health Insurance Provider Fee (HIPF)	\$	-	\$ -	\$	-
18	Less: Premium tax component of reported revenue	\$	3,512,138	\$ 18,309		3,530,44
10	Less: Other taxes and licensing and regulatory fees	\$	1,767,389	. ,	\$	1,830,10
20	Total Adjusted MLR Denominator**	\$	58,577,513			58,829,392



# MAGELLAN COMPLETE CARE OF LOUISIANA, INC. ADJUSTED MEDICAL LOSS RATIO

Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2021 Paid Through April 30, 2022

Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2021 Paid Through April 30, 2022						
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts		
MLR Calculation						
21	MLR Percentage Achieved	74.3%	-0.2%	74.1%		
22	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%		
23	Percentage Below 85% Requirement	10.7%	0.2%	10.9%		
24	Dollar Amount of Rebate Requirement	\$ 6,286,064	\$ 126,340	\$ 6,412,404		

25	MLR Member Months	27,573

Credibility Adjustment Applied				
26	MLR Percentage Achieved		74.1%	
27	Credibility Adjustment		3.8%	
28	Adjusted MLR Percentage Achieved		77.9%	
29	MLR Percentage Requirement for Rebate Calculation		85.0%	
30	Percentage Below 85% Requirement		7.1%	
31	Dollar Amount of Rebate Requirement	\$	4,176,887	

\*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 and Comments for the Calendar Year Ended December 31, 2021

During our examination, we identified the following adjustments.

### Adjustment #1 – To adjust Health Care Quality Improvement (HCQI) expenses to the verified amount and to re-class to non-claims costs.

The health plan provided support for the calculation of \$2,206,285 for Health Care Quality Improvement (HCQI) expenses on the as-filed MLR. Myers and Stauffer obtained job descriptions and summaries for the employees utilized in HCQI activities for the period under review. Additionally, the health plan provided support for adjusting the HCQI percentage allocation for Medical Director and VP, General Manager I positions during our examination. We made an adjustment to include the adjusted allocation for Medical Director and VP, General Manager I. Overall, this resulted in a \$107,673 adjustment to line 7a of the MLR and a re-classification to line 12. The MLR numerator reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e).

	Proposed Adjustment	
Line #	Line Description	Amount
7a	HCQI Administrative Expenses	\$107,673
12	Non-Claims Costs	(\$107,673)

### Adjustment #2 – To adjust premium revenue to verified State data.

The health plan reported premium revenue of \$63,857,040. The State's documentation supported premium revenue of \$64,189,944. This resulted in a \$332,904 adjustment to line 16 of the MLR as shown below. The MLR denominator reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

Line #	Line Description	Amount
16	Healthy Louisiana Premium Revenue	\$332,904

### Adjustment #3 – To adjust premium tax to the verified amount.

The health plan reported premium tax of \$3,512,138. We re-calculated the premium tax amounts based on our adjustment to premium revenue in Adjustment #2. The verified premium tax amount is



\$3,530,447. An adjustment was proposed to adjust for the difference between the reported premium tax amount and the re-calculated amount as shown below. The MLR denominator reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

	Proposed Adjustment	
Line #	Line Description	Amount
18	Premium Tax Component of Reported Revenue	\$18,309

#### Adjustment #4 – To adjust other taxes by removing interest tax expense.

During our examination, we determined the health plan included interest tax expense in the other taxes and licensing and regulatory fees on line 19 of the MLR. Other taxes should not include any income tax expenses associated with interest revenue. We have made an adjustment to remove the tax expense from line 19 as shown below. The MLR denominator reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

Proposed Adjustment			
Line #	Line Description	Amount	
19	Other taxes and licensing and regulatory fees	(\$3,349)	

#### Adjustment #5 – To adjust income tax expense to the verified amount.

The health plan understated their federal income taxes in the other taxes and regulatory fees on line 19 of the MLR by \$66,065. We have made an adjustment to include additional income tax expenses in line 19 as shown below. The MLR denominator reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

Proposed Adjustment			
Line #	Line Description	Amount	
19	Other taxes and licensing and regulatory fees	\$66,065	