

**AmeriHealth Caritas Louisiana, Inc.  
Report on Medical Loss Ratio Rebate Calculation  
(With Independent Accountant's Report Thereon)**

**State of Louisiana  
Louisiana Department of Health  
Baton Rouge, Louisiana**

**Year Ended December 31, 2014**

**Prepared by:**





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## Independent Accountant's Report

State of Louisiana  
Louisiana Department of Health  
Baton Rouge, Louisiana

We have examined the accompanying Adjusted Medical Loss Ratio Rebate Calculation of AmeriHealth Caritas Louisiana, Inc. (ACLA) for the year ended December 31, 2014. ACLA's management is responsible for the preparation and fair presentation of the Medical Loss Ratio Rebate Calculation in accordance with the Bayou Health's MCO Financial Reporting Guide. Our responsibility is to express an opinion on the Medical Loss Ratio Rebate Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Based on these standards, our examination included examining, on a test basis, evidence supporting ACLA's Medical Loss Ratio Rebate Calculation for the year ended December 31, 2014 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

An examination involves performing procedures to obtain evidence about the amounts reported in the Medical Loss Ratio Rebate Calculation. The procedures selected depend on the examiner's professional judgment, including the assessment of the risks of material misstatement of the Medical Loss Ratio Rebate Calculation. An examination also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. A calculation of less than Eighty-Five Percent (85%) requires that the Managed Care Organization rebate a portion of their capitation payments received from Bayou Health.

In our opinion, the above referenced accompanying Adjusted Medical Loss Ratio Rebate Calculation of ACLA for the period cited present fairly, in all material respects, based on the criteria set forth in the Bayou Health's MCO Financial Reporting Guide and exceeds the eighty-five percent (85%) requirement.

This report is intended solely for the information and use of the Louisiana Department of Health and ACLA and is not intended to be and should not be used by anyone other than these specified parties.

Myers and Stauffer LC  
June 3, 2016  
Atlanta, GA



# Organizational Background

AmeriHealth Caritas Louisiana, Inc. (ACLA) was formed on October 5, 2010. ACLA provides Medicaid managed care services to enrollees in state of Louisiana. Effective February 1, 2012, ACLA entered into contract with the State of Louisiana's Department of Health (LDH) to provide care to Medicaid enrollees. ACLA is currently one of five providers that offer services on a full-risk basis.

ACLA is a wholly owned subsidiary of AmeriHealth Caritas Health Plan (ACHP) (formerly AmeriHealth Mercy Health Plan), a Pennsylvania partnership formed to develop and operate managed care business for Medicaid and Medicare enrollees.

Our examination was conducted from September 1, 2015 to June 3, 2016.



AmeriHealth Caritas Louisiana, Inc.  
 Adjusted Medical Loss Ratio (MLR) Rebate Calculation  
 For the Year Ended December 31, 2014

The following table summarizes:

- ACLA's reported Medical Loss Ratio Rebate Calculation data
- Myers and Stauffer's adjusted Medical Loss Rebate Calculation Data utilizing documentation obtained from ACLA

| MLR Line #  | MLR Line Description                                | Reported MLR CY 2014 | Adjustments | Adjusted MLR CY 2014 |
|---|---|----------------------|-------------|----------------------|
| <b>Revenue and New Enrollee Adjustments</b>               |   |                      |             |                      |
| 1   | Total YTD Capitation and Maternity Payments         | \$534,132,043        | \$0         | \$534,132,043        |
| 2   | <b>Less:</b> HIPF                                   | 11,158,102           | 0           | 11,158,102           |
| 3   | <b>Less:</b> Premium tax                            | 11,766,914           | 0           | 11,766,914           |
| 4   | Net YTD MLR Revenue                                 | \$511,207,027        | \$0         | \$511,207,027        |
| 5   | <b>Less:</b> Adjustment attributed to new enrollees | \$0                  | \$0         | \$0                  |
| 6   | <b>Add:</b> Adjustment attributed to new enrollees  | 0                    | 0           | 0                    |
| 7   | <b>Adjusted MLR Capitation Revenue</b>              | <b>\$511,207,027</b> | <b>\$0</b>  | <b>\$511,207,027</b> |
| <b>MLR Medical and Administrative Expense Adjustments</b> |   |                      |             |                      |
| 8   | Total Net Medical Expenses from I/S                 | \$470,726,256        | \$0         | \$470,726,256        |
| 9   | <b>Add:</b> Incurred claim adjustment additions     | 0                    | 0           | 0                    |
| 10  | <b>Less:</b> Incurred claim adjustment deductions   | 0                    | 0           | 0                    |
| 11  | <b>Less:</b> Incurred claim adjustment exclusions   | 0                    | 0           | 0                    |
| 12  | <b>Adjusted Net Medical Expenses</b>                | <b>\$470,726,256</b> | <b>\$0</b>  | <b>\$470,726,256</b> |
| 13  | <b>Add:</b> HCQI and HIT expenses                   | \$6,110,395          | \$0         | \$6,110,395          |
| 14  | Adjustments or Exclusions to HCQI/HIT               | 0                    | 0           | 0                    |
| 15  | <b>Adjusted HCQI/HIT expenses</b>                   | <b>\$6,110,395</b>   | <b>\$0</b>  | <b>\$6,110,395</b>   |
| 16  | Total Adjusted current YTD MLR Expenditures         | \$476,836,651        | \$0         | \$476,836,651        |
| 17  | <b>Less:</b> Adj. attributed to new enrollees       | \$0                  | 0           | 0                    |
| 18  | <b>Add:</b> Adj. attributed to new enrollees        | \$0                  | 0           | 0                    |
| 19  | <b>Total Adj. MLR Expenses</b>                      | <b>\$476,836,651</b> | <b>\$0</b>  | <b>\$476,836,651</b> |
| 20  | <b>MLR percentage achieved</b>                      | <b>93.3%</b>         |             | <b>93.3%</b>         |
| 21  | MLR percentage requirement                          | 85.0%                |             | 85.0%                |
| 22  | Percentage above requirement                        | 8.3%                 |             | 8.3%                 |
| 23  | <b>Dollar amount of rebate requirement</b>          | <b>\$0</b>           |             | <b>\$0</b>           |