



April 26, 2019

Via Electronic Mail

Louisiana Department of Health  
Steve Annison, Medicaid Program Manager  
628 N. 4<sup>th</sup> Street  
Baton Rouge, LA 70802

Re: AmeriHealth Caritas Louisiana, Inc. 2017 Non-Expansion MLR Examination Report Transmittal

This letter is to inform you that Myers and Stauffer LC has completed the examination of AmeriHealth Caritas Louisiana Inc.'s 2017 Non-Expansion Medical Loss Ratio (MLR) report.

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

Kind Regards,

Myers and Stauffer LC

**AmeriHealth Caritas of Louisiana  
Medicaid Non-Expansion  
Report on Medical Loss Ratio Rebate Calculation  
(With Independent Accountant's Report Thereon)**

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

**For the period of January 1, 2017  
through December 31, 2017**

**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 of Louisiana (ACLA) related to the Medicaid Non-Expansion population for the period of January 1, 2017 through December 31, 2017. ACLA's management is responsible for presenting the Medical Loss Ratio Rebate Calculation in accordance with the criteria set forth in the Healthy Louisiana's (formerly Bayou Health) 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Adjusted Medical Loss Ratio Rebate Calculation is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Medical Loss Ratio Rebate Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement of the Medical Loss Ratio Calculation, 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.

The Member Months reported on the Adjusted Medical Loss Ratio Rebate Calculation has not been subjected to the procedures applied in the examination, and accordingly, we express no opinion on it.

In our opinion, the above referenced accompanying Adjusted Medical Loss Ratio Rebate Calculation of ACLA is presented in accordance with the Healthy Louisiana's MCO Financial Reporting Guide, in all material respects, and exceeds the eighty-five percent (85%) requirement for the period of January 1, 2017 through December 31, 2017.

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  
April 12, 2019



## Organizational Background

AmeriHealth Caritas Louisiana, Inc. (formerly known as AmeriHealth Mercy of Louisiana, Inc.) was formed on October 5, 2010 for the purpose of providing prepaid managed care services to Medicaid enrollees in the state of Louisiana. Effective February 1, 2012, ACLA entered into contract with the State of Louisiana's Department of Health to provide care to Medicaid enrollees. ACLA is currently one of five health plans 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 general partnership formed to develop and operate managed care business.

The Patient Protection and Affordable Care Act (Affordable Care Act) was signed into law on March 23, 2010. The Affordable Care Act affected Medicaid by expanding the population of individuals that were eligible for Medicaid services. Medicaid eligibility was expanded to include all individuals with incomes up to 138 percent of the federal poverty level, regardless of their age, family status or health. The Medicaid expansion population is defined as individuals whom previously were not eligible for Medicaid services, but became eligible due to the expansion of Medicaid eligibility under the Affordable Care Act.

On January 12, 2016, the Governor of Louisiana signed Executive Order JBE 16-01 which expanded Medicaid in Louisiana effective July 1, 2016. Each Medicaid Managed Care Organization now serves this expansion population in addition to the original non-expansion population. ACLA's submitted MLR under examination reflects only the Medicaid non-expansion activity for the period of January 1, 2017 through December 31, 2017.



AmeriHealth Caritas Louisiana, Inc.  
 Medicaid Non-Expansion Adjusted Medical Loss  
 Ratio (MLR) Rebate Calculation  
 For the Period Ending December 31, 2017

Our examination did not identify any material adjustments to revenue or expenses for the period under examination. The results of our examination are presented below.

| Line #  | Revenue or Expense   | Reported MLR Amounts        | Adjustment Amounts | Adjusted MLR Amounts        |
|---|--|-----------------------------|--------------------|-----------------------------|
| <b>MLR Medical and Administrative Expense Adjustments</b> |  |                             |                    |                             |
| 1   | <b>Total Incurred Claims</b>   | \$ 562,277,290              | \$ -               | \$ 562,277,290              |
|   | <i>Adjustments to Incurred Claims:</i>   |                             |                    |                             |
| 2   | <b>Deductions:</b>   |                             |                    |                             |
| 2a  | Prescription drug rebates  | \$ 4,429,233                | \$ -               | \$ 4,429,233                |
| 2b  | Prompt pay discounts   | \$ -                        | \$ -               | \$ -                        |
| 2c  | Overpayment recoveries received from providers   | \$ 1,285,206                | \$ -               | \$ 1,285,206                |
| 3   | <b>Inclusions:</b>   |                             |                    |                             |
| 3a  | Incentive and bonus payments made to providers   | \$ 2,718,998                | \$ -               | \$ 2,718,998                |
| 3b  | Fraud reduction expenses   | \$ -                        | \$ -               | \$ -                        |
| 4   | Optional Inclusion: Value-Added Services   | \$ 3,370,782                | \$ -               | \$ 3,370,782                |
| 5   | <b>Exclusions:</b>   |                             |                    |                             |
| 5a  | Non-Claims Costs   | \$ 3,341,168                | \$ -               | \$ 3,341,168                |
| 5b  | Prior year MLR rebates paid to LDH   | \$ -                        | \$ -               | \$ -                        |
| 5c  | Payments to 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   | <b>Adjusted Incurred Claims</b>  | \$ 559,311,463              | \$ -               | \$ 559,311,463              |
|   | <i>Health Care Quality Improvement (HCQI) and Health Information Technology (HIT) Expenses</i>   |                             |                    |                             |
| 8   | HCQI and HIT administrative expenses   | \$ 10,195,991               | \$ -               | \$ 10,195,991               |
| 9   | Exclusions to HCQI and HIT expenses  | \$ -                        | \$ -               | \$ -                        |
| 10  | External Quality Review (EQR) related expenses   | \$ 119,213                  | \$ -               | \$ 119,213                  |
| 11  | <b>Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses</b>  | \$ 569,626,666 <sup>1</sup> | \$ -               | \$ 569,626,666 <sup>1</sup> |
| 12  | Less: Adjustment for 50% or more of Medical expenses attributed to new enrollees   | \$ -                        | \$ -               | \$ -                        |
| 13  | Add: Prior Year New Enrollee Medical Expenditures deferred to current year from line 28 below  | \$ -                        | \$ -               | \$ -                        |
| 14  | <b>Total Adjusted MLR Numerator</b>  | \$ 569,626,666 <sup>1</sup> | \$ -               | \$ 569,626,666 <sup>1</sup> |
| <b>Capitation Revenue and New Enrollee Adjustments</b>    |  |                             |                    |                             |
| 15  | <b>Non-Expansion Healthy Louisiana Premium Revenue</b>   | \$ 646,309,198              | \$ -               | \$ 646,309,198              |
|   | <i>Revenue Adjustments</i>   |                             |                    |                             |
| 16  | Less: Health Insurance Provider Fee (HIPF)   | \$ -                        | \$ -               | \$ -                        |
| 17  | Less: Premium tax component of reported revenue  | \$ 35,547,006               | \$ -               | \$ 35,547,006               |
| 18  | Less: Income taxes   | \$ -                        | \$ -               | \$ -                        |
| 19  | <b>Net Annual MLR Revenue</b>  | \$ 610,762,192              | \$ -               | \$ 610,762,192              |
| 20  | Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)  | \$ -                        | \$ -               | \$ -                        |
| 21  | Add: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component) deferred from prior year from line 27 below | \$ -                        | \$ -               | \$ -                        |
| 22  | <b>Total Adjusted MLR Denominator</b>  | \$ 610,762,192              | \$ -               | \$ 610,762,192              |

1) Minor footing variance due to rounding.



AmeriHealth Caritas Louisiana, Inc.  
 Medicaid Non-Expansion Adjusted Medical Loss  
 Ratio (MLR) Rebate Calculation  
 For the Period Ending December 31, 2017

| Line # |   | Reported MLR Amounts | Adjustment Amounts | Adjusted MLR Amounts |
|--------|---|----------------------|--------------------|----------------------|
| 23     | MLR Percentage Achieved                           | 93.3%                | 0.0%               | 93.3%                |
| 24     | MLR Percentage Requirement for Rebate Calculation | 85.0%                |                    | 85.0%                |
| 25     | Percentage Below 85% Requirement                  | 0.0%                 |                    | 0.0%                 |
| 26     | Dollar Amount of Rebate Requirement               | \$ -                 |                    | \$ -                 |

| Reconciliation of Prior Year New Enrollee Capitation Exclusion |  |           |      |           |
|--|--|-----------|------|-----------|
| 27   | Prior year new enrollee capitation adjustment exclusion (net of premium tax) | \$ -      | \$ - | \$ -      |
| 28   | Less: Prior year incurred claims for excluded New Enrollees                  | \$ -      | \$ - | \$ -      |
| 29   | <b>Total Net Adjustment for New Enrollees from prior years</b>               | \$ -      | \$ - | \$ -      |
| 30   | MLR Member Months  | 1,850,728 |      | 1,850,728 |

| Credibility Adjustment Applied (if applicable) |   |              |             |              |
|--|---|--------------|-------------|--------------|
| 31   | MLR Percentage Achieved                           | 93.3%        | 0.0%        | 93.3%        |
| 32   | Credibility Adjustment                            | 0.0%         | 0.0%        | 0.0%         |
| 33   | <b>Adjusted MLR Percentage Achieved</b>           | <b>93.3%</b> | <b>0.0%</b> | <b>93.3%</b> |
| 34   | MLR Percentage Requirement for Rebate Calculation | 85.0%        |             | 85.0%        |
| 35   | Percentage Below 85% Requirement                  | 0.0%         |             | 0.0%         |
| 36   | Dollar Amount of Rebate Requirement               | \$ -         |             | \$ -         |