



March 15, 2021

Via Electronic Mail

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

Re: Adjusted Medical Loss Ratio Examination Report Transmittal

This letter is to inform you that Myers and Stauffer LC has completed the examination of AmeriHealth Caritas of Louisiana Adjusted Medical Loss Ratio for the period ended December 31, 2019. As a courtesy to Louisiana Department of Health and other readers, the health plan management's response letter is included, if provided, in addition to our examination report, as part of this transmittal packet. Myers and Stauffer LC, in no manner, expresses an opinion on the accuracy, truthfulness, or validity of the statements presented within the management's response letter.

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

Kind Regards,

Myers and Stauffer LC

The background features a blurred medical scene with a green overlay. A large white cross is centered. Various medical icons are scattered: a syringe at the top right, a pill, a virus, a stethoscope at the bottom left, and a group of three people. A white diagonal line separates the green area from a dark grey area on the right.

AmeriHealth Caritas Louisiana, Inc.  
**Report on Adjusted Medical Loss Ratio**  
*With Independent Accountant's Report Thereon*

For the Calendar Year Ending  
December 31, 2019  
Paid through April 30, 2020



## Table of Contents

■ Table of Contents.....	1
■ Independent Accountant’s Report.....	2
■ Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2019 Paid Through April 30, 2020.....	3
■ Schedule of Adjustments and Comments for the Calendar Year Ending December 31, 2019.....	5



State of Louisiana  
Louisiana Department of Health  
Baton Rouge, Louisiana

### **Independent Accountant's Report**

We have examined the accompanying Adjusted Medical Loss Ratio (MLR) of AmeriHealth Caritas Louisiana, Inc. for the calendar year ending December 31, 2019. AmeriHealth Caritas Louisiana, Inc.'s management is responsible for presenting the Financial Reporting Template in accordance with the criteria set forth in Healthy Louisiana's MLR Reporting Guide (Guide), and Centers for Medicare & Medicaid Services (CMS) federal guidance (criteria). This criteria was used to prepare the Adjusted MLR. Our responsibility is to express an opinion on the Adjusted MLR 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 MLR is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Adjusted MLR. 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 MLR, 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 accompanying Adjusted MLR 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.

In our opinion, the above referenced accompanying Adjusted Medical Loss Ratio Rebate Calculation of AmeriHealth Caritas Louisiana, Inc. is presented in accordance with the above referenced criteria, in all material respects, and the Adjusted MLR Percentage Achieved exceeds the CMS minimum requirement of eighty-five percent (85%) for the period of January 1, 2019 through December 31, 2019.

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

Myers and Stauffer LC  
Atlanta, Georgia  
March 9, 2021



## Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2019 Paid Through April 30, 2020

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2019 Paid Through April 30, 2020				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Expenses</b>				
1	<b>Total Incurred Claims</b>	\$ 1,067,537,890	\$ (35,024,581)	\$ 1,032,513,309
<b>Adjustments to Incurred Claims</b>				
2	<i>Deductions:</i>			
2a	Prescription drug rebates	\$ 5,163,633	\$ -	\$ 5,163,633
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 3,071,549	\$ -	\$ 3,071,549
3	<i>Inclusions:</i>			
3a	Incentive and bonus payments made to providers	\$ 3,298,581	\$ -	\$ 3,298,581
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
4	Optional Inclusion: Value-Added Services	\$ 7,319,846	\$ -	\$ 7,319,846
5	<i>Exclusions:</i>			
5a	Non-Claims Costs	\$ 2,436,878	\$ -	\$ 2,436,878
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>	\$ 1,067,484,256	\$ (35,024,581)	\$ 1,032,459,675
<b>Health Care Quality Improvement (HCQI) Expenses</b>				
8	HCQI administrative expenses	\$ 12,773,875	\$ -	\$ 12,773,875
9	Exclusions to HCQI	\$ -	\$ -	\$ -
<b>Health Information Technology (HIT) Expenses</b>				
10	HIT administrative expenses	\$ 2,686,030	\$ -	\$ 2,686,030
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>	\$ 1,082,944,162	\$ (35,024,581)	\$ 1,047,919,581
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 30 below	\$ -	\$ -	\$ -
16	<b>Total Adjusted MLR Numerator*</b>	\$ 1,082,944,162	\$ (35,024,581)	\$ 1,047,919,581
<b>Revenues</b>				
17	<b>Healthy Louisiana Premium Revenue</b>	\$ 1,191,573,779	\$ (36,107,815)	\$ 1,155,465,964
<b>Revenue Adjustments</b>				
18	Less: Health Insurance Provider Fee (HIPF)	\$ -	\$ -	\$ -
19	Less: Premium tax component of reported revenue	\$ 62,582,163	\$ -	\$ 62,582,163
20	Less: Other taxes and licensing and regulatory fees	\$ (371,979)	\$ -	\$ (371,979)
21	<b>Net Annual MLR Revenue</b>	\$ 1,129,363,595	\$ (36,107,815)	\$ 1,093,255,780
22	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$ -	\$ -
23	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	\$ -	\$ -	\$ -
24	<b>Total Adjusted MLR Denominator</b>	\$ 1,129,363,595	\$ (36,107,815)	\$ 1,093,255,780

\*Minor footing variance due to rounding.



**Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2019 Paid Through April 30, 2020**

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2019 Paid Through April 30, 2020				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>MLR Calculation</b>				
25	MLR Percentage Achieved	95.9%	0.0%	95.9%
26	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%
27	Percentage Below 85% Requirement	0.0%	0.0%	0.0%
28	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -
<b>Reconciliation of Prior Year New Enrollee Capitation Exclusion</b>				
29	Prior year new enrollee capitation adjustment exclusion (net of premium tax)			\$ -
30	Less: Prior year incurred claims for excluded New Enrollees			\$ -
31	Total Net Adjustment for New Enrollees from prior years			\$ -
32	MLR Member Months			2,509,788
<b>Credibility Adjustment Applied</b>				
33	MLR Percentage Achieved			95.9%
34	Credibility Adjustment			0.0%
35	Adjusted MLR Percentage Achieved			95.9%
36	MLR Percentage Requirement for Rebate Calculation			85.0%
37	Percentage Below 85% Requirement			0.0%
38	Dollar Amount of Rebate Requirement			\$ -

# Schedule of Adjustments and Comments for the Calendar Year Ending December 31, 2019

During our examination we noted certain matters involving costs, that in our determination did not meet the definitions of allowable medical expenses and other operational matters that are presented for your consideration.

## Adjustment #1 – To adjust for MCIP revenue and expenses

The health plan included 2020 MCIP revenue of \$36,107,815 on line 17 of the 2019 MLR. The plan also included \$35,024,581 of MCIP expenses associated with the 2020 payments on line 1 of the 2019 MLR. The 2019 MLR should not include the 2020 MCIP revenue or associated expenses.

Proposed Adjustment		
Line #	Line Description	Amount
1	Total Incurred Claims	(\$35,024,581)
17	Healthy Louisiana Premium Revenue	(\$36,107,815)

AmeriHealth Caritas of Louisiana  
Management's Response



AmeriHealth Caritas Louisiana

P.O. Box 83580  
Baton Rouge, LA 70884



March 9, 2021

Myers and Stauffer LC  
1349 W Peachtree Street NE, Suite 1600  
Atlanta, GA 30309

Please find below AmeriHealth Caritas Louisiana's ("ACLA") response to the adjustment noted in the Draft 2019 MLR report prepared by Myers and Stauffer LC, and received by ACLA on February 25, 2021.

When completing the 2019 MLR report, ACLA complied with Appendix A MLR reporting instructions on reporting Managed Care Incentive Program ("MCIP") by reporting payments for 2019 service dates. Revenue of \$36,107,815 was reported as retroactive payments received between 1/1/2020 - 4/30/2020. Myers & Stauffer acknowledged that the Louisiana Department of Health ("LDH") confirmed the MCIP payments reported by ACLA for 2019 ties to their data. ACLA agrees with the adjustment to reduce MCIP reported revenue and expense. However, we would like to acknowledge the reason for the adjustment proposed is for ACLA to be consistent with all other MCOs in reporting only those payments made in 2019.

Sincerely,

A handwritten signature in black ink, appearing to read "Kyle Viator".

Kyle Viator  
Market President