

The background features a blurred image of a person's face and hands, overlaid with a green geometric pattern of lines and hexagons. Various medical icons are scattered throughout, including a syringe, a pill, a virus, a stethoscope, a microscope, and a group of people. A large white cross is centered over the person's face. The text is positioned on a dark grey diagonal band on the right side of the page.

Healthy Blue of Louisiana
Medicaid Managed Care Programs

Report on Adjusted Medical Loss Ratio
With Independent Accountant's Report Thereon

For the Calendar Year Ending December 31, 2020
Paid through April 30, 2021



Table of Contents

■ Table of Contents.....	1
■ Independent Accountant’s Report.....	2
■ Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2020 Paid Through April 30, 2021.....	3
■ Schedule of Adjustments and Comments for the Calendar Year Ending December 31, 2020.....	5



State of Louisiana
Louisiana Department of Health
Baton Rouge, Louisiana

Independent Accountant's Report

We have examined the accompanying Adjusted Medical Loss Ratio of Healthy Blue of Louisiana for the calendar year ending December 31, 2020. Healthy Blue of Louisiana'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.

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, 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 Percentage Achieved exceeds the Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) for the state fiscal year ending December 31, 2020.

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

Myers and Stauffer LC
Atlanta, Georgia
April 7, 2022



Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2020 Paid Through April 30, 2021

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2020 Paid Through April 30, 2021				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Expenses				
1	Total Incurred Claims	\$ 1,465,833,811	\$ (9,410,275)	\$ 1,456,423,536
	<i>Adjustments to Incurred Claims</i>			
2	Deductions:			
2a	Prescription drug rebates	\$ 768,211	\$ -	\$ 768,211
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ -	\$ -	\$ -
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ 56,615,542	\$ 23,397,737	\$ 80,013,279
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
4	Optional Inclusion: Value-Added Services	\$ 10,984,154	\$ -	\$ 10,984,154
5	Exclusions:			
5a	Non-Claims Costs	\$ -	\$ -	\$ -
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	Adjusted Incurred Claims	\$ 1,532,665,296	\$ 13,987,462	\$ 1,546,652,758
	<i>Health Care Quality Improvement (HCQI) Expenses</i>			
8	HCQI administrative expenses	\$ 11,368,005	\$ -	\$ 11,368,005
9	Exclusions to HCQI	\$ 1,200,249	\$ -	\$ 1,200,249
	<i>Health Information Technology (HIT) Expenses</i>			
10	HIT administrative expenses	\$ 3,761,356	\$ -	\$ 3,761,356
11	Exclusions to HIT expenses	\$ -	\$ -	\$ -
12	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$ 1,546,594,408	\$ 13,987,462	\$ 1,560,581,870
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 34 below	\$ -	\$ -	\$ -
16	Total Adjusted MLR Numerator	\$ 1,546,594,408	\$ 13,987,462	\$ 1,560,581,870
	Non-Claims Cost (For reporting purposes only, not included in Numerator)			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 97,933,186	\$ -	\$ 97,933,186
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)	\$ 4,962,303	\$ -	\$ 4,962,303
19	Adjustments to Non-Claims Cost including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
20	Total Adjusted Non-Claim Cost	\$ 102,895,489	\$ -	\$ 102,895,489
Revenues				
21	Healthy Louisiana Premium Revenue	\$ 1,800,712,023	\$ 59,380,416	\$ 1,860,092,439
	<i>Revenue Adjustments</i>			
22	Less: Health Insurance Provider Fee (HIPF)	\$ 27,698,368	\$ (3,129,286)	\$ 24,569,082
23	Less: Premium tax component of reported revenue	\$ 97,626,591	\$ 504,131	\$ 98,130,722
24	Less: Other taxes and licensing and regulatory fees	\$ 10,067,575	\$ -	\$ 10,067,575
25	Net Annual MLR Revenue	\$ 1,665,319,489	\$ 62,005,571	\$ 1,727,325,060
26	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -		
27	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	\$ -		
28	Total Adjusted MLR Denominator	\$ 1,665,319,489	\$ 62,005,571	\$ 1,727,325,060



Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2020 Paid Through April 30, 2021

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2020 Paid Through April 30, 2021				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
MLR Calculation				
29	MLR Percentage Achieved	92.9%	-2.5%	90.3%
30	MLR Percentage Requirement for Rebate Calculation	85.0%		85.0%
31	Percentage Below 85% Requirement	0.0%		0.0%
32	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -

Reconciliation of Prior Year New Enrollee Capitation Exclusion			
33	Prior year new enrollee capitation adjustment exclusion (net of premium tax)		\$ -
34	Less: Prior year incurred claims for excluded New Enrollees		\$ -
35	Total Net Adjustment for New Enrollees from prior years		\$ -

36	MLR Member Months		3,620,839
----	--------------------------	--	-----------

Credibility Adjustment Applied		
37	MLR Percentage Achieved	90.3%
38	Credibility Adjustment	0.0%
39	Adjusted MLR Percentage Achieved	90.3%
40	MLR Percentage Requirement for Rebate Calculation	85.0%
41	Percentage Below 85% Requirement	0.0%
42	Dollar Amount of Rebate Requirement	\$ -



Schedule of Adjustments and Comments for the Calendar Year Ending December 31, 2020

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 reported incurred claims to the supporting documentation

The plan reported \$1,465,833,811 in Line 1, Total Incurred Claims. The documentation submitted for this review supports \$1,462,534,428. We recommend an adjustment for this variance of \$(3,299,382). The MLR numerator reporting requirements are addressed in Healthy Louisiana’s MLR Reporting Guide and Medicaid Managed Care Final Rule 42 CFR § 438.8(e).

Proposed Adjustment		
Line #	Line Description	Amount
1	Total Incurred Claims	\$(3,299,382)

Adjustment #2 – To remove the calculated Incurred but not reported (IBNR) margin

The Health plan reported IBNR expenses that included an estimated calculation in addition to the lag table supporting documentation based on incurred claims. It was determined the IBNR margin within the total IBNR reported was calculated based on a non-allowable reserve margin. An adjustment is proposed to remove the calculated IBNR margin amount. The medical expense and IBNR reporting requirements are addressed in Healthy Louisiana’s MLR Reporting Guide and Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustment		
Line #	Line Description	Amount
1	Total Incurred Claims	\$(9,447,485)

Adjustment #3 – To Adjust reported incurred claims to the supporting documentation

The plan reported \$1,509,248,172 for adjusted incurred claims. The documentation submitted for this review supports an amount of \$1,512,584,764. We recommend an adjustment to Line 1, Total Incurred Claims for this variance of \$3,336,592. The MLR numerator reporting requirements are addressed in Healthy Louisiana’s MLR Reporting Guide and Medicaid Managed Care Final Rule 42 CFR § 438.8(e).



Proposed Adjustment		
Line #	Line Description	Amount
1	Total Incurred Claims	\$3,336,592

Adjustment #4 – To adjust capitation payments and the Health Insurer Provider Fee (HIPF)

The Health Plan reported revenue amounts that did not reflect all capitation payments received for its members applicable to the covered dates of service for the period of January 1, 2020 through December 31, 2020 with runout to April 30, 2021. The additional payments are primarily due to the plan not including payments made in the runout period in Line 21, Health Louisiana Premium Revenue.

Additionally, the health plan reported HIPF revenue received of \$27,698,368 on Line 22, Health Insurance Provider Fee. The HIPF expense paid out in the amount of \$24,569,082 should have been reported. We recommend an adjustment for this variance of \$(3,129,286).

The MLR denominator reporting requirements are addressed in Healthy Louisiana’s MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

Proposed Adjustment		
Line #	Line Description	Amount
21	Healthy Louisiana Premium Revenue	\$35,259,037
22	Health Insurer Provider Fee (HIPF)	\$(3,129,286)

Adjustment #5 – To Adjust MCIP Revenue and Expenses

The health plan did not include 2020 MCIP revenue of \$24,121,379 on line 21 of the 2020 MLR. The plan also did not include \$23,397,737 of MCIP expense associated with the 2020 payments on line 3a of the 2020 MLR. The 2020 MLR should include all MCIP revenue and expenses. The MLR denominator and numerator reporting requirements are addressed in Healthy Louisiana’s MLR Reporting Guide and Medicaid Managed Care Final Rule 42 CFR § 438.8(f) and 438.8(e).

Proposed Adjustment		
Line #	Line Description	Amount
3a	Incentive and bonus payments made to providers	\$23,397,737
21	Healthy Louisiana Premium Revenue	\$24,121,379



Adjustment #6 – To adjust Premium Taxes

The health plan reported \$97,626,591 in Line 23, Premium Tax Component of Reported Revenue. The State’s revenue data supported an amount of \$98,130,722. We recommend an adjustment for this variance of \$504,131. The MLR denominator reporting requirements are addressed in Healthy Louisiana’s MLR Reporting Guide and Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

Proposed Adjustment		
Line #	Line Description	Amount
23	Premium Tax Component of Reported Revenue	\$504,131