

May 4, 2022

Via Electronic Mail

Louisiana Department of Health Steve Annison, Medicaid Program Manager 628 N. 4th 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 UnitedHealthcare of Louisiana Adjusted Medical Loss Ratio for the period ended December 31, 2020. As a courtesy to the 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

UnitedHealthcare of Louisiana, Inc. Medicaid Managed Care Programs

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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





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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 UnitedHealthcare of Louisiana, Inc. for the calendar year ending December 31, 2020. UnitedHealthcare of Louisiana, Inc.'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 calendar year ending December 31, 2020.

This report is intended solely for the information and use of the Louisiana Department of Health, Mercer, and UnitedHealthcare of 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 April 21, 2022



UNITEDHEALTHCARE OF LOUISIANA, INC. ADJUSTED MEDICAL LOSS RATIO

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 Decen	nber	31, 2020 Paid Th	rou	gh April 30, 2021		
Line #	Line Description		Reported Amounts		Adjustment Amounts		Adjusted Amounts
Expenses							
1	Total Incurred Claims	\$	2,121,928,104	\$	19,516,082	\$	2,141,444,186
Adjustmer	nts to Incurred Claims						
2	Deductions:						
2a	Prescription drug rebates	\$	2,898,359	\$		\$	2,898,359
2b	Prompt pay discounts	\$	-	\$	-	\$	-
2c	Overpayment recoveries received from providers	\$	910,272	\$	-	\$	910,272
3	Inclusions:						
3a	Incentive and bonus payments made to providers	\$	92,331,980	\$	39,931,103	\$	132,263,083
3b	Fraud reduction expenses	\$	479,254	\$	-	\$	479,254
4	Optional Inclusion: Value-Added Services	\$	13,442,391	_	-	\$	13,442,391
5	Exclusions:		-, ,				., ,
5a	Non-Claims Costs	\$	3,932,752	Ś		\$	3,932,752
5u 5b	Prior year MLR rebates paid to LDH	\$		\$	-	\$	-
55 5c	Payments to delegated vendors exceeding amount paid to providers	\$	6,432,335	\$	-	\$	6,432,335
5d	Spread pricing amounts paid to PBM	\$	(6,815)			\$	(6,815)
5u 5e	Reinsurance premiums exceeding reinsurance recoveries	\$	2,247,690			\$	2,247,690
6	Other: Incurred claims assumed	\$	2,217,050	\$		\$	2,2 17,050
7	Adjusted Incurred Claims	\$	2,211,767,136	_	59,447,185	\$	2,271,214,321
	re Quality Improvement (HCQI) Expenses	Ŷ	2,222,707,200	Ŷ	55),205	Ŷ	2,2,7 2,22 1,022
8	HCQI administrative expenses	\$	34,719,120	¢		\$	34,719,120
9	Exclusions to HCOI	\$	2,492,361	_		\$	2,492,361
	formation Technology (HIT) Expenses	Ş	2,492,501	Ş	-	Ş	2,492,501
10	HIT administrative expenses	\$	6,432,112	ć		\$	6,432,112
10		\$	580,235	\$	-	\$	580,235
11	Exclusions to HIT expenses External Quality Review (EQR) related expenses	\$		\$	-	\$	580,255
12		\$	2,249,845,772	\$	59,447,185	\$	2,309,292,957
-	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	> \$	2,249,845,772	<u> </u>	59,447,185	\$	2,309,292,957
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	\$	2,249,845,772	\$	59,447,185	\$	2,309,292,957
Non-Claim	ns Cost (For reporting purposes only, not included in Numerator)						
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$	94,870,881	\$	-	\$	94,870,881
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)	\$	26,688,795	\$	-	\$	26,688,795
19	Adjustments to Non-Claims Cost including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$	14,001,880	\$	-	\$	14,001,880
20	Total Adjusted Non-Claim Cost	\$	135,561,556	Ś	-	\$	135,561,556
Revenues	· · ·	Ŷ	100,001,000	Ý		Ŷ	100,001,000
21	Healthy Louisiana Premium Revenue	\$	2,660,431,323	Ś	61,818,024	\$	2,722,249,347
	djustments	Ŷ	2,000,102,020	Ŷ	01,010,01	Ŷ	2,722,213,017
22	Less: Health Insurance Provider Fee (HIPF)	\$	43,026,703	¢		\$	43,026,703
23	Less: Premium tax component of reported revenue	\$	142,373,196		(216,191)		142,157,005
23	Less: Other taxes and licensing and regulatory fees	\$	30,751,651	_	(210,131)	\$	30,751,651
24	Net Annual MLR Revenue	\$ \$	2,444,279,773	\$	62,034,215	ې \$	2,506,313,988
26	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$	_,, <i>_ , , , , , , , , , , , , , , , , , ,</i>	\$	-	\$	_,,
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	\$	2,444,279,773	\$	62,034,215	\$	2,506,313,988



UNITEDHEALTHCARE OF LOUISIANA, INC. ADJUSTED MEDICAL LOSS RATIO

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 Calcu	MLR Calculation						
29	MLR Percentage Achieved	92.0%	0.1%	92.1%			
30	MLR Percentage Requirement for Rebate Calculation	85%	85%	85%			
31	Percentage Below 85% Requirement	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	5,569,140

Credibility Adjustment Applied				
37	MLR Percentage Achieved	92.1%		
38	Credibility Adjustment	0.0%		
39	Adjusted MLR Percentage Achieved	92.1%		
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 – Adjustment to Premium Revenue

The health plan reported \$2,595,196,130 of capitation revenue in line 21, Healthy Louisiana Premium Revenue, of the MLR report. The state provided capitation data with runout through April 30, 2021 supported \$2,615,657,849. We recommend an adjustment of \$20,651,939. The MLR denominator reporting requirements are addressed in the 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	\$20,651,939	

Adjustment #2 – To adjust MCIP Revenue and Expenses

The health plan did not include 2020 MCIP revenue of \$41,166,085 on line 21 of the 2020 MLR. The plan also did not include \$39,931,103 of MCIP expenses associated with the 2020 payments on line 3a of the 2020 MLR. The 2020 MLR should include the 2020 MCIP revenue or associated expenses. The MLR denominator and numerator reporting requirements are addressed in the Healthy Louisiana's MLR Reporting Guide and the 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	\$39,931,103		
21	Healthy Louisiana Premium Revenue	\$41,166,085		

Adjustment #3 – To adjust Premium Taxes

The health plan reported \$143,509,053 for line 23, Premium tax component of reported revenue, but the data provided by the State supports a premium tax amount of \$143,292,862. The \$216,191 variance between the amount reported and the amount supported by the State data has been posted as an



adjustment to line 23 of the MLR. The MLR denominator reporting requirements are addressed in the Healthy Louisiana's MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

	Proposed Adjustment	
Line #	Line Description	Amount
23	Premium Tax Component of Reported Revenue	(\$216,191)

Adjustment #4 – To adjust to Total Incurred Claims

The health plan reported \$318,714,116 of FMP medical expense in line 1, Total Incurred Claims, of the MLR report. The amount verified for FMP medical expense was \$338,230,198. We recommend an adjustment of \$19,516,082. The MLR numerator reporting requirements are addressed in the Healthy Louisiana's MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

Proposed Adjustment			
Line #	Line Description	Amount	
1	Total Incurred Claims	\$19,516,082	



Appendix A: Health Plan Responses

The health plan responses are on the following page. The responses have been reviewed by Myers and Stauffer prior to finalization of the examination report. Myers and Stauffer determined that no changes to the report were necessary as a result of the health plan comments.



April 21, 2022

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

We are providing this letter in connection with your examination of United Healthcare of Louisiana's Adjusted Medical Loss Ratio for the period ended December 31, 2020. We confirm, to the best of our knowledge and belief, as of the date below, the following representations related to your examination.

a. Nothing has come to our attention that would cause us to modify the certification that was signed on the Adjusted Medical Loss Ratio when the template was filed.

b. All matters and communications with regulatory agencies that would impact the Adjusted Medical Loss Ratio referenced above have been communicated to you.

c. United Healthcare of Louisiana is responsible for the Adjusted Medical Loss Ratio ended December 31, 2020.

d. Any known events subsequent to the Adjusted Medical Loss Ratio completion that would have a material effect on the Adjusted Medical Loss Ratio have been disclosed to you.

e. We have provided you with all relevant information and access to records related to your examination.

f. We have disclosed to you:

- i. all significant deficiencies in internal control relevant to the engagement that we are aware of;
- ii. any knowledge of an actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the Adjusted Medical Loss Ratio.

We have reviewed the audit report for the contract year ending December 31, 2020 for the Louisiana MLR audit. Our responses to each of the recommended adjustments noted on the report are addressed below. If you require additional information, please let us know.

Adjustment #1 – Adjustment to Premium Revenue

UHC Response:

FMP is a pass through and as such this adjustment to premium revenue is offset in incurred claims and premium tax.

Adjustment #2 – To Adjust MCIP Revenue and Expenses

UHC Response:

The Company believes the MLR report was prepared in accordance with the MLR reporting instructions that were in effect for the 2020 MLR filing. To quote the MLR reporting instructions: "This should include any retroactive payments received during the runout period for dates of service in the MLR reporting year and should reflect a proper matching with the expenses reported." The Company acknowledges the fact that reporting instructions were updated on January 12, 2022, to address MCIP treatment on the 2021 annual MLR reporting.



The Company does not agree that the adjustment is necessary given the submitted report was completed per the instructions that were made available at the time of filing; however given the need of the users of the financial statements, namely LDH and M&S, we respect the adjustment made and understand why they want it to be completed.

Adjustment #3 – To adjust Premium Taxes

UHC Response:

The Company believes premium tax was reported according to Form 1061 filed with the Louisiana Department of Insurance. The adjustment noted by Myers and Stauffer is due to the 2019 HepC risk corridor settlement which was recognized in 2021.

Adjustment #4 – To adjust to Total Incurred Claims

UHC Response:

FMP is a pass through and as such this adjustment to incurred claims is offset in premium revenue and premium tax.

Chief Financial Officer or Other Person Authorized to Sign

Chief Financial Officer

Title

4/21/22

Date