

The background features a blurred image of a person lying in a hospital bed, overlaid with a green semi-transparent layer. This layer contains various medical icons: a syringe, a pill, a virus, a stethoscope, a group of people, and a large cross. A dark grey diagonal shape on the right side of the page contains the text.

Magellan Complete Care
of Louisiana, Inc.

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



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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 Magellan Complete Care of Louisiana, Inc. for the calendar year ending December 31, 2020. Magellan Complete Care of Louisiana, Inc.'s management is responsible for presenting the Medical Loss Ratio (MLR) Reporting in accordance with the criteria set forth in the Code of Federal Regulations (CFR) 42 § 438.8, and other applicable federal and state 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. In accordance with CFR 42 § 438.8, reporting of the Other Non-Claims Costs is required. Any adjustments to the Other Non-Claims Costs were determined without testing as the procedure was outside of the scope of our examination, and accordingly, we express no opinion on it.

In our opinion the above referenced accompanying Adjusted Medical Loss Ratio Rebate Calculation 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 Magellan Complete Care 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
March 11, 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	\$ 48,741,397	\$ -	\$ 48,741,397
	<i>Adjustments to Incurred Claims</i>			
2	Deductions:			
2a	Prompt pay discounts	\$ -	\$ -	\$ -
2b	Overpayment recoveries received from providers	\$ -	\$ -	\$ -
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ -	\$ -	\$ -
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
4	Exclusions:			
4a	Non-Claims Costs	\$ -	\$ -	\$ -
4b	Prior year MLR rebates paid to LDH	\$ -	\$ -	\$ -
4c	Payments to delegated vendors exceeding amount paid to providers	\$ -	\$ -	\$ -
4d	Reinsurance premiums exceeding reinsurance recoveries	\$ -	\$ -	\$ -
5	Other Adjustments	\$ -	\$ -	\$ -
6	Adjusted Incurred Claims	\$ 48,741,397	\$ -	\$ 48,741,397
7	Health Care Quality Improvement (HCQI) Expenses			
7a	HCQI administrative expenses	\$ 2,267,613	\$ -	\$ 2,267,613
7b	Exclusions to HCQI expenses	\$ -	\$ -	\$ -
8	Health Information Technology (HIT) Expenses			
8a	HIT administrative expenses	\$ -	\$ -	\$ -
8b	Exclusions to HIT expenses	\$ -	\$ -	\$ -
9	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
10	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$ 2,267,613	\$ -	\$ 2,267,613
11	Total Adjusted MLR Numerator	\$ 51,009,010	\$ -	\$ 51,009,010
	<i>Non-Claims Cost (For reporting purposes only, not included in Numerator)</i>			
12	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ -	\$ 7,718,229	\$ 7,718,229
13	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)	\$ 403,984	\$ -	\$ 403,984
14	Adjustments to Non-Claims Cost including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
15	Total Adjusted Non-Claim Cost	\$ 403,984	\$ 7,718,229	\$ 8,122,213
Revenues				
16	Healthy Louisiana Premium Revenue	\$ 67,913,560	\$ -	\$ 67,913,560
	<i>Revenue Adjustments</i>			
17	Less: Health Insurance Provider Fee (HIPF)	\$ 1,709,754	\$ (433,337)	\$ 1,276,417
18	Less: Premium tax component of reported revenue	\$ 3,641,209	\$ 98,910	\$ 3,740,119
19	Less: Other taxes and licensing and regulatory fees	\$ 737,941	\$ 288,902	\$ 1,026,843
20	Total Adjusted MLR Denominator	\$ 61,824,656	\$ 45,525	\$ 61,870,181

MLR Calculation				
21	MLR Percentage Achieved	82.51%	-0.06%	82.45%
22	MLR Percentage Requirement for Rebate Calculation	85.00%	0.00%	85.00%
23	Percentage Below 85% Requirement	2.49%	-0.06%	2.55%
24	Dollar Amount of Rebate Requirement	\$ 1,541,948	\$ 38,696	\$ 1,580,644

Credibility Adjustment Applied				
25	MLR Percentage Achieved			82.4%
26	Credibility Adjustment			3.8%
27	Adjusted MLR Percentage Achieved			86.2%
28	MLR Percentage Requirement for Rebate Calculation			85.0%
29	Percentage Below 85% Requirement			0.0%
30	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 – Non-Claims Costs

Magellan Complete Care of Louisiana, Inc. did not report Non-claims costs on line 12 of the MLR. While Non-claims testing is outside of our scope of examination, an adjustment is necessary to report Non-claims as required in the Medicaid Managed Care Final Rule 42 CFR § 438.8. This adjustment does not contribute to the MLR percentage.

Proposed Adjustment		
Line #	Line Description	Amount
12	Non-claims costs	\$7,718,229

Adjustment #2 – Revenue Reclassification

During our examination, Magellan Complete Care of Louisiana, Inc. included the premium tax and income tax portions of HIF on the HIF line instead of the premium tax and other taxes and licensing and regulatory fees line on the MLR. These portions of HIF are being reclassified from line 17 to lines 18 and 19. The revenue deduction reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8.

Proposed Adjustment		
Line #	Line Description	Amount
17	Health Insurance Provider Fee (HIPF)	\$(433,337)
18	Premium tax component of reported revenue	\$98,910
19	Other taxes and licensing and regulatory fees	\$334,427

Adjustment #3 – Income Tax Adjustment



SCHEDULE OF ADJUSTMENTS AND COMMENTS

During our examination of federal income taxes, Magellan Complete Care of Louisiana, Inc. overstated their federal income taxes in the Other taxes and licensing and regulatory fees on line 19 of the MLR. The taxes related to investments was included in the reported amount. We have made an adjustment to remove the taxes related to investments from line 19. The income tax reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8.

Proposed Adjustment		
Line #	Line Description	Amount
19	Other taxes and licensing and regulatory fees	\$(45,525)