

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

**AETNA BETTER HEALTH
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, 2021
Paid through April 30, 2022



**MYERS AND
STAUFFER**_{LC}
CERTIFIED PUBLIC ACCOUNTANTS



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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 Aetna Better Health of Louisiana for the calendar year ended December 31, 2021. Aetna Better Health 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to our engagement.

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 is presented in accordance with the above referenced criteria, in all material respects, and the Adjusted Medical Loss Ratio exceeds the



Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) for the Expansion and Non-Expansion population for the calendar year ended December 31, 2021.

This report is intended solely for the information and use of the Louisiana Department of Health, Mercer, and Aetna Better Health 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, GA
April 26, 2023



AETNA BETTER HEALTH OF LOUISIANA ADJUSTED MEDICAL LOSS RATIO

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2021 Paid Through April 30, 2022

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2021 Paid Through April 30, 2022				
Expansion				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Expenses				
1	Total Incurred Claims	\$ 477,670,001	\$ -	\$ 477,670,001
	<i>Adjustments to Incurred Claims</i>			
2	Deductions:			
2a	Prescription drug rebates	\$ 401,113	\$ -	\$ 401,113
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 4,685,068	\$ -	\$ 4,685,068
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ 17,096,183	\$ 8,189,840	\$ 25,286,023
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
4	Optional Inclusion: Value-Added Services	\$ 3,953,969	\$ -	\$ 3,953,969
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	\$ 493,633,973	\$ 8,189,840	\$ 501,823,813
	<i>Health Care Quality Improvement (HCQI) Expenses</i>			
8	HCQI administrative expenses	\$ 3,712,716	\$ -	\$ 3,712,716
9	Exclusions to HCQI	\$ -	\$ -	\$ -
	<i>Health Information Technology (HIT) Expenses</i>			
10	HIT administrative expenses	\$ -	\$ -	\$ -
11	Exclusions to HIT expenses	\$ -	\$ -	\$ -
12	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$ 497,346,689	\$ 8,189,840	\$ 505,536,529
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	\$ 497,346,689	\$ 8,189,840	\$ 505,536,529
	Non-Claims Cost (For reporting purposes only, not included in Numerator)	\$ -	\$ -	\$ -
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 30,755,229	\$ -	\$ 30,755,229
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)	\$ -	\$ -	\$ -
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	\$ 30,755,229	\$ -	\$ 30,755,229
Revenues				
21	Healthy Louisiana Premium Revenue	\$ 561,245,808	\$ 8,443,134	\$ 569,688,942
	<i>Revenue Adjustments</i>			
22	Less: Premium tax component of reported revenue	\$ 30,120,822	\$ -	\$ 30,120,822
23	Less: Other taxes and licensing and regulatory fees	\$ 62,866	\$ -	\$ 62,866
24	Net Annual MLR Revenue	\$ 531,062,120	\$ 8,443,134	\$ 539,505,254
25	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$ -	\$ -
26	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	\$ -	\$ -	\$ -
27	Total Adjusted MLR Denominator	\$ 531,062,120	\$ 8,443,134	\$ 539,505,254



**AETNA BETTER HEALTH OF LOUISIANA
ADJUSTED MEDICAL LOSS RATIO**

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2021 Paid Through April 30, 2022

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2021 Paid Through April 30, 2022				
Expansion				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
MLR Calculation				
28	MLR Percentage Achieved	93.7%	0.0%	93.7%
29	MLR Percentage Requirement for Rebate Calculation	85.0%	85.0%	85.0%
30	Percentage Below 85% Requirement	0.0%	0.0%	0.0%
31	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -
Reconciliation of Prior Year New Enrollee Capitation Exclusion				
32	Prior year new enrollee capitation adjustment exclusion (net of premium tax)			\$ -
33	Less: Prior year incurred claims for excluded New Enrollees			\$ -
34	Total Net Adjustment for New Enrollees from prior years			\$ -
35	MLR Member Months			820,074
Credibility Adjustment Applied				
36	MLR Percentage Achieved			0.0%
37	Credibility Adjustment			0.0%
38	Adjusted MLR Percentage Achieved			0.0%
39	MLR Percentage Requirement for Rebate Calculation			85.0%
40	Percentage Below 85% Requirement			0.0%
41	Dollar Amount of Rebate Requirement			\$ -



AETNA BETTER HEALTH OF LOUISIANA ADJUSTED MEDICAL LOSS RATIO

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2021 Paid Through April 30, 2022

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2021 Paid Through April 30, 2022				
Non-Expansion				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Expenses				
1	Total Incurred Claims	\$ 330,268,657	\$ -	\$ 330,268,657
	<i>Adjustments to Incurred Claims</i>			
2	Deductions:			
2a	Prescription drug rebates	\$ 214,932	\$ -	\$ 214,932
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 3,127,701	\$ -	\$ 3,127,701
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ 13,097,147	\$ 5,828,972	\$ 18,926,119
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
4	Optional Inclusion: Value-Added Services	\$ 1,875,987	\$ -	\$ 1,875,987
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	\$ 341,899,157	\$ 5,828,972	\$ 347,728,129
	<i>Health Care Quality Improvement (HCQI) Expenses</i>			
8	HCQI administrative expenses	\$ 4,414,535	\$ -	\$ 4,414,535
9	Exclusions to HCQI	\$ -	\$ -	\$ -
	<i>Health Information Technology (HIT) Expenses</i>			
10	HIT administrative expenses	\$ -	\$ -	\$ -
11	Exclusions to HIT expenses	\$ -	\$ -	\$ -
12	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$ 346,313,692	\$ 5,828,972	\$ 352,142,664
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	\$ 346,313,692	\$ 5,828,972	\$ 352,142,664
	Non-Claims Cost (For reporting purposes only, not included in Numerator)			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 22,807,379	\$ -	\$ 22,807,379
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)	\$ 2,009,575	\$ -	\$ 2,009,575
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	\$ 24,816,954	\$ -	\$ 24,816,954
Revenues				
21	Healthy Louisiana Premium Revenue	\$ 396,317,109	\$ 6,009,249	\$ 402,326,358
	<i>Revenue Adjustments</i>			
22	Less: Premium tax component of reported revenue	\$ 21,271,158	\$ -	\$ 21,271,158
23	Less: Other taxes and licensing and regulatory fees	\$ 1,137,885	\$ -	\$ 1,137,885
24	Net Annual MLR Revenue	\$ 373,908,066	\$ 6,009,249	\$ 379,917,315
25	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$ -	\$ -
26	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	\$ -	\$ -	\$ -
27	Total Adjusted MLR Denominator	\$ 373,908,066	\$ 6,009,249	\$ 379,917,315



**AETNA BETTER HEALTH OF LOUISIANA
ADJUSTED MEDICAL LOSS RATIO**

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2021 Paid Through April 30, 2022

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2021 Paid Through April 30, 2022				
Non-Expansion				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
MLR Calculation				
28	MLR Percentage Achieved	92.6%	0.1%	92.7%
29	MLR Percentage Requirement for Rebate Calculation	85.0%	85.0%	85.0%
30	Percentage Below 85% Requirement	0.0%	0.0%	0.0%
31	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -
Reconciliation of Prior Year New Enrollee Capitation Exclusion				
32	Prior year new enrollee capitation adjustment exclusion (net of premium tax)			\$ -
33	Less: Prior year incurred claims for excluded New Enrollees			\$ -
34	Total Net Adjustment for New Enrollees from prior years			\$ -
35	MLR Member Months			970,355
Credibility Adjustment Applied				
36	MLR Percentage Achieved			0.0%
37	Credibility Adjustment			0.0%
38	Adjusted MLR Percentage Achieved			0.0%
39	MLR Percentage Requirement for Rebate Calculation			85.0%
40	Percentage Below 85% Requirement			0.0%
41	Dollar Amount of Rebate Requirement			\$ -



Schedule of Adjustments and Comments for the Calendar Year Ending December 31, 2021

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 MCIP Revenue and Expenses to verified amounts.

Aetna Better Health of Louisiana did not include 2021 MCIP revenue of \$8,443,134 for Expansion and \$6,009,249 for Non-expansion on line 21 of the MLR. The plan also did not include \$8,189,840 for expansion and \$5,828,972 for Non-Expansion of MCIP expense associated with the 2021 payments on line 3a of the MLR. The state fiscal year 2021 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 - Expansion		
Line #	Line Description	Amount
3a	Incentive and bonus payments made to providers	\$8,189,840
21	Healthy Louisiana Premium Revenue	\$8,443,134

Proposed Adjustment – Non-Expansion		
Line #	Line Description	Amount
3a	Incentive and bonus payments made to providers	\$5,828,972
21	Healthy Louisiana Premium Revenue	\$6,009,249