

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 clipboard, and a group of people. A large green cross is centered over the person's face.

**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, 2021  
Paid through April 30, 2022



**MYERS AND  
STAUFFER** LC  
CERTIFIED PUBLIC ACCOUNTANTS



## Table of Contents

■ Table of Contents.....	1
■ Independent Accountant’s Report.....	2
■ Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2021 Paid Through April 30, 2022.....	4
■ Schedule of Adjustments and Comments for the Calendar Year Ended December 31, 2021.....	8
■ Appendix A: Health Plan Responses.....	11



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 ended December 31, 2021. 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.

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, Milliman, 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, GA  
March 27, 2023



# HEALTHY BLUE 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
<b>Expenses</b>				
1	<b>Total Incurred Claims</b>	\$ 949,135,869	\$ -	\$ 949,135,869
	<i>Adjustments to Incurred Claims</i>			
2	<b>Deductions:</b>			
2a	Prescription drug rebates	\$ 640,374	\$ -	\$ 640,374
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ -	\$ -	\$ -
3	<b>Inclusions:</b>			
3a	Incentive and bonus payments made to providers	\$ 2,160,331	\$ 45,480,746	\$ 47,641,077
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
4	Optional Inclusion: Value-Added Services	\$ 9,544,850	\$ -	\$ 9,544,850
5	<b>Exclusions:</b>			
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	<b>Other: Incurred claims assumed</b>			
7	<b>Adjusted Incurred Claims</b>	\$ 960,200,676	\$ 45,480,746	\$ 1,005,681,422
	<i>Health Care Quality Improvement (HCQI) Expenses</i>			
8	HCQI administrative expenses	\$ 11,523,560	\$ (4,210,066)	\$ 7,313,494
9	Exclusions to HCQI	\$ 640,546	\$ -	\$ 640,546
	<i>Health Information Technology (HIT) Expenses</i>			
10	HIT administrative expenses	\$ 2,197,724	\$ (760,645)	\$ 1,437,079
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>	\$ 973,281,414	\$ 40,510,035	\$ 1,013,791,449
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	<b>Total Adjusted MLR Numerator</b>	\$ 973,281,414	\$ 40,510,035	\$ 1,013,791,449
	<i>Non-Claims Cost (For reporting purposes only, not included in Numerator)</i>			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 43,583,417	\$ 4,970,711	\$ 48,554,128
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)	\$ 2,238,746	\$ -	\$ 2,238,746
19	Adjustments to Non-Claims Cost including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
20	<b>Total Adjusted Non-Claim Cost</b>	\$ 45,822,163	\$ 4,970,711	\$ 50,792,874
<b>Revenues</b>				
21	<b>Healthy Louisiana Premium Revenue</b>	\$ 1,122,621,610	\$ 27,538,738	\$ 1,150,160,348
	<i>Revenue Adjustments</i>			
22	Less: Premium tax component of reported revenue	\$ 62,042,777	\$ (1,357,663)	\$ 60,685,114
23	Less: Other taxes and licensing and regulatory fees	\$ -	\$ -	\$ -
24	<b>Net Annual MLR Revenue</b>	\$ 1,060,578,833	\$ 28,896,401	\$ 1,089,475,234
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	<b>Total Adjusted MLR Denominator</b>	\$ 1,060,578,833	\$ 28,896,401	\$ 1,089,475,234



**HEALTHY BLUE 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
<b>MLR Calculation</b>				
28	<b>MLR Percentage Achieved</b>	91.8%	1.3%	93.1%
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	<b>Dollar Amount of Rebate Requirement</b>	\$ -	\$ -	\$ -

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	<b>Total Net Adjustment for New Enrollees from prior years</b>	\$ -

35	<b>MLR Member Months</b>	1,702,967
----	--------------------------	-----------

Credibility Adjustment Applied		
36	MLR Percentage Achieved	0.0%
37	Credibility Adjustment	0.0%
38	<b>Adjusted MLR Percentage Achieved</b>	<b>0.0%</b>
39	MLR Percentage Requirement for Rebate Calculation	85.0%
40	<b>Percentage Below 85% Requirement</b>	<b>85.0%</b>
41	<b>Dollar Amount of Rebate Requirement</b>	\$ -



# HEALTHY BLUE 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
<b>Expenses</b>				
1	<b>Total Incurred Claims</b>	\$ 915,681,041	\$ -	\$ 915,681,041
	<i>Adjustments to Incurred Claims</i>			
2	<b>Deductions:</b>			
2a	Prescription drug rebates	\$ 753,526	\$ -	\$ 753,526
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ -	\$ -	\$ -
3	<b>Inclusions:</b>			
3a	Incentive and bonus payments made to providers	\$ 31,318,475	\$ 19,009,088	\$ 50,327,563
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
4	Optional Inclusion: Value-Added Services	\$ 3,976,905	\$ -	\$ 3,976,905
5	<b>Exclusions:</b>			
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	<b>Other: Incurred claims assumed</b>			
7	<b>Adjusted Incurred Claims</b>	\$ 950,222,895	\$ 19,009,088	\$ 969,231,983
	<i>Health Care Quality Improvement (HCQI) Expenses</i>			
8	HCQI administrative expenses	\$ 9,908,534	\$ (3,620,025)	\$ 6,288,509
9	Exclusions to HCQI	\$ 550,773	\$ -	\$ 550,773
	<i>Health Information Technology (HIT) Expenses</i>			
10	HIT administrative expenses	\$ 1,889,713	\$ (654,041)	\$ 1,235,672
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>	\$ 961,470,369	\$ 14,735,022	\$ 976,205,391
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	<b>Total Adjusted MLR Numerator</b>	\$ 961,470,369	\$ 14,735,022	\$ 976,205,391
	<i>Non-Claims Cost (For reporting purposes only, not included in Numerator)</i>			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 37,475,203	\$ 4,274,066	\$ 41,749,269
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)	\$ 1,924,986	\$ -	\$ 1,924,986
19	Adjustments to Non-Claims Cost including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
20	<b>Total Adjusted Non-Claim Cost</b>	\$ 39,400,188	\$ 4,274,066	\$ 43,674,254
<b>Revenues</b>				
21	<b>Healthy Louisiana Premium Revenue</b>	\$ 1,001,082,681	\$ 54,322,464	\$ 1,055,405,145
	<i>Revenue Adjustments</i>			
22	Less: Premium tax component of reported revenue	\$ 55,234,770	\$ 245,006	\$ 55,479,776
23	Less: Other taxes and licensing and regulatory fees	\$ -	\$ -	\$ -
24	<b>Net Annual MLR Revenue</b>	\$ 945,847,912	\$ 54,077,458	\$ 999,925,370
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	<b>Total Adjusted MLR Denominator</b>	\$ 945,847,912	\$ 54,077,458	\$ 999,925,370



**HEALTHY BLUE 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
<b>MLR Calculation</b>				
28	<b>MLR Percentage Achieved</b>	101.7%	-4.1%	97.6%
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	<b>Dollar Amount of Rebate Requirement</b>	\$ -	\$ -	\$ -

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	<b>Total Net Adjustment for New Enrollees from prior years</b>	\$ -

35	<b>MLR Member Months</b>	2,444,571
----	--------------------------	-----------

Credibility Adjustment Applied		
36	MLR Percentage Achieved	0.0%
37	Credibility Adjustment	0.0%
38	<b>Adjusted MLR Percentage Achieved</b>	<b>0.0%</b>
39	MLR Percentage Requirement for Rebate Calculation	85.0%
40	<b>Percentage Below 85% Requirement</b>	<b>0.0%</b>
41	<b>Dollar Amount of Rebate Requirement</b>	\$ -





## 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 expense to the verified amount.**

Healthy Blue of Louisiana did not report all MCIP payments in 2021, nor did they allocate the as-filed MCIP expense to the Expansion population. This adjustment is to properly allocate the as-filed MCIP expense and account for additional MCIP revenue and expense supported by the state’s data. 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	\$45,480,746
21	Healthy Louisiana Premium Revenue	\$32,213,943

Proposed Adjustment – Non-Expansion		
Line #	Line Description	Amount
3a	Incentive and bonus payments made to providers	\$19,009,088
21	Healthy Louisiana Premium Revenue	\$34,270,422

### **Adjustment #2 – To adjust premium revenue to the verified amount.**

Healthy Blue of Louisiana reported premium revenue of \$1,113,377,075 for the Expansion population and \$991,651,596 for the Non-Expansion population. The state’s capitation data supported premium revenue of \$1,108,701,870 for the Expansion population and \$1,011,703,638 for the Non-Expansion population. The variance between the reported amounts and the state’s data was an adjustment to line 21 as shown below. 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 - Expansion		
Line #	Line Description	Amount
21	Healthy Louisiana Premium Revenue	(\$4,675,205)



## SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed Adjustment – Non-Expansion		
Line #	Line Description	Amount
21	Healthy Louisiana Premium Revenue	\$20,052,042

### Adjustment #3 – To adjust premium taxes to the verified amount.

Healthy Blue of Louisiana reported premium taxes of \$62,042,777 for the Expansion population and \$55,234,770 for the Non-Expansion population. The state's revenue data supported premium taxes of \$60,685,114 for the Expansion population and \$44,479,776 for the Non-Expansion population. The variance between the reported amounts and the state's data was an adjustment to line 22 as shown below. 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 - Expansion		
Line #	Line Description	Amount
22	Premium tax component of reported revenue	(\$1,357,663)

Proposed Adjustment – Non-Expansion		
Line #	Line Description	Amount
22	Premium tax component of reported revenue	\$245,006

### Adjustment #4 – To adjust Health Care Quality Improvement (HCQI) and Exclusions to HCQI and Health Information Technology (HIT) expenses to the verified amount.

Healthy Blue of Louisiana reported HCQI of \$11,523,560 for the Expansion population and \$9,908,534 for the Non-Expansion population. MSLC identified salaries and benefits, indirect overhead and vendor expenses of \$4,210,066 for the Expansion population and \$3,620,025 for the Non-Expansion population that do not meet the criteria for HCQI as defined in 42 CFR § 158.150.

Healthy Blue of Louisiana reported HIT of \$2,197,724 for the Expansion population and \$1,889,713 for the Non-Expansion population. MSLC identified salaries and benefits, indirect overhead and vendor expenses of \$760,645 for the Expansion population and \$654,041 for the Non-Expansion population that do not meet the criteria for HIT as defined in 42 CFR § 158.151.



## SCHEDULE OF ADJUSTMENTS AND COMMENTS

The non-allowable HCQI and HIT expenses were reclassified from the numerator to non-claims as shown below. 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 - Expansion		
Line #	Line Description	Amount
8	HCQI administrative expenses	(\$4,210,066)
10	HIT administrative expenses	(\$760,645)
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$4,970,771

Proposed Adjustment – Non-Expansion		
Line #	Line Description	Amount
8	HCQI administrative expenses	(\$3,620,025)
10	HIT administrative expenses	(\$654,041)
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$4,274,066



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 Healthy Blue of Louisiana's Medical Loss Ratio (MLR) Report for the calendar year ending December 31, 2021.

In response to adjustment #4 HCQI exclusions, Healthy blue does not agree with the determination of the exclusion of salaries based on the requirement that the positions be directed toward members.

We've provided documentation including an attestation from our quality director that for a sample of the positions excluded in the report were in fact directed toward members. Based on these discussions, we feel we've appropriately included salaries as allowable QI in the MLR report.

Sincerely,

A handwritten signature in black ink that reads "Clayborne Harris".

Clayborne Harris  
Healthy Blue LA CFO  
(985) 502 -0203

10000 Perkins Rowe, Suite G-510  
Baton Rouge, LA 70810  
504.834.1271

[www.healthybluela.com](http://www.healthybluela.com)