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, 2021 Paid through April 30, 2022





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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 ended December 31, 2021. 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 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 does not



exceed the Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) 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 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, GA April 17, 2023



MAGELLAN COMPLETE CARE OF LOUISIANA, INC. 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 Decemb	er 31,		ugn A			
Line #	Line Description		Reported		Adjustment	Adjusted	
Expenses			Amounts		Amounts		Amounts
1	Total Incurred Claims	\$	41,298,537	Ś		\$	41,298,537
	Adjustments to Incurred Claims		,,				,,
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	\$	41,298,537	\$	-	\$	41,298,537
7	Health Care Quality Improvement (HCQI) Expenses						
7a	HCQI administrative expenses	\$	2,206,285	\$	107,673	\$	2,313,958
7b	Exclusions to HCQI	\$	-	\$	-	\$	-
8	Health Information Technology (HIT) Expenses						
8a	HIT administrative expenses	\$	-	\$	-	\$	-
8b	Exclusions to HIT expenses	\$	-	\$	-	\$	-
9	External Quality Review (EQR) related expenses	\$	-	\$	-	\$	-
10	Adjusted HCQI, HIT and EQR Expenses	\$	2,206,285	\$	107,673	Ś	2,313,958
11	Total Adjusted MLR Numerator	\$	43,504,822	\$	107,673		43,612,495
	Non-Claims Cost (For reporting purposes only, not included in Numerator)						
12	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$	9,093,451	\$	(107,673)	\$	8,985,778
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)	\$	412,202	\$	-	\$	412,202
14	Adjustments to Non-Claims Cost including amounts removed in the line 9 exclusions. (Excluding any related party profit)	\$	-	\$	-	\$	-
15	Total Adjusted Non-Claim Cost	\$	9,505,653	Ś	(107,673)	Ś	9,397,980
Revenues		,	-,,000	,	(===,5,0)		-,,000
16	Healthy Louisiana Premium Revenue	\$	63,857,040	\$		\$	63,857,040
	Revenue Adjustments						, ,
17	Less: Health Insurance Provider Fee (HIPF)	\$	-	\$	-	\$	-
18	Less: Premium tax component of reported revenue	\$	3,512,138	<u> </u>	-	\$	3,512,138
10	Less: Other taxes and licensing and regulatory fees	\$	1,767,389	\$	(3,349)		1,764,040
20	Total Adjusted MLR Denominator	\$	58,577,513	· ·	3,349		58,580,862



MAGELLAN COMPLETE CARE OF LOUISIANA, INC. 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							
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts			
MLR Calculation							
21	MLR Percentage Achieved	74.3%	0.2%	74.4%			
22	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%			
23	Percentage Below 85% Requirement	10.7%	-0.2%	10.6%			
24	Dollar Amount of Rebate Requirement	\$ 6,286,064	\$ (104,826)	\$ \$6,181,238			

25	MLR Member Months	27,430

Credibility Adjustment Applied					
26	MLR Percentage Achieved		74.4%		
27	Credibility Adjustment		3.8%		
28	Adjusted MLR Percentage Achieved		78.3%		
29	MLR Percentage Requirement for Rebate Calculation		85.0%		
30	Percentage Below 85% Requirement		6.7%		
31	Dollar Amount of Rebate Requirement	\$	\$3,930,097		

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 Health Care Quality Improvement (HCQI) expenses to the verified amount and to re-classification to non-claims costs.

Magellan Complete Care of Louisiana, Inc. provided support for the calculation of \$2,206,285 for Health Care Quality Improvement (HCQI) expenses on the as-filed MLR. Myers and Stauffer obtained job descriptions and summaries for the employees utilized in HCQI activities for the period under review. Additionally, the health plan provided support for adjusting the HCQI percentage allocation for Medical Director and VP, General Manager I positions during our examination. We made an adjustment to include the adjusted allocation for Medical Director and VP, General Manager I. Overall, this resulted in a \$107,673 adjustment to line 7a of the MLR and a re-classification to line 12. The MLR numerator reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e).

Proposed Adjustment				
Line #	Line Description	Amount		
7a	HCQI administrative expenses	\$107,673		
12	Non-Claims Costs	(\$107,673)		

Adjustment #2 – To adjust income tax to the verified amount.

Magellan Complete Care of Louisiana, Inc. overstated their federal income taxes in the other taxes and regulatory fees on line 19 of the MLR. The taxes related to investments were included in the reported amount. We have made an adjustment to remove \$3,349 of taxes related to investment revenue from line 19. The MLR denominator reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

Proposed Adjustment				
Line #	Line Description	Amount		
19	Other taxes and licensing and regulatory fees	(\$3,349)		