

The background of the cover is a blurred photograph of a medical professional, likely a nurse, wearing a white coat and gloves, holding a patient's arm. A large, semi-transparent green cross is centered over the image. Various medical icons are overlaid in a light green color, including a syringe, a pill, a virus, a stethoscope, and a group of people. A network of thin green lines connects some of these icons. The right side of the cover features a dark grey diagonal band where the text is located.

MCNA INSURANCE COMPANY
Medicaid Managed Care Programs

Report on Adjusted Medical Loss Ratio
With Independent Accountant's Report Thereon

For the Calendar Year Ended December 31, 2022
Paid through April 30, 2023



**MYERS AND
STAUFFER** L.C.
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 Medical Loss Ratio Report of MCNA Insurance Company (health plan) for the calendar year ended December 31, 2022. The health plan's management is responsible for presenting information contained in the Medical Loss Ratio Report in accordance with the criteria set forth in 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 from information contained in the Medical Loss Ratio Report 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 Adjusted Medical Loss Ratio is presented in accordance with the criteria, in all material respects, and the Adjusted Medical Loss Ratio does not exceed the Centers for Medicare & Medicaid Services (CMS) requirement of 85 percent for the Expansion population and exceeds the Centers for Medicare & Medicaid Services (CMS) requirement of 85 percent for the Non-Expansion population for the calendar year ended December 31, 2022.



This report is intended solely for the information and use of the Louisiana Department of Health, Milliman, and the health plan and is not intended to be and should not be used by anyone other than these specified parties.

Myers and Stauffer LC
Atlanta, Georgia
June 19, 2024



MCNA
ADJUSTED MEDICAL LOSS RATIO
EXPANSION POPULATION

Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023

Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023 Expansion Population				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Numerator				
1	Total Incurred Claims	\$ 5,871,390	\$ -	\$ 5,871,390
	Adjustments to Incurred Claims			
2	Deductions:			
2a	Prescription drug rebates	\$ -	\$ -	\$ -
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 1,779	\$ -	\$ 1,779
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ -	\$ -	\$ -
3b	Fraud reduction expenses	\$ 807	\$ -	\$ 807
4	Optional Inclusion: Value-Added Services	\$ -	\$ -	\$ -
5	Exclusions:			
5a	Non-Claims Costs	\$ -	\$ -	\$ -
5b	Prior year MLR rebates paid to LDH	\$ -	\$ -	\$ -
5c	Payments 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	\$ 5,870,418	\$ -	\$ 5,870,418
	Health Care Quality Improvement (HCQI) Expenses			
8	HCQI administrative expenses	\$ 6,973	\$ (6,973)	\$ -
9	Exclusions to HCQI	\$ -	\$ -	\$ -
	Health Information Technology (HIT) Expenses			
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	\$ 5,877,391	\$ (6,973)	\$ 5,870,418
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 33 below	\$ -	\$ -	\$ -
16	Total Adjusted MLR Numerator	\$ 5,877,391	\$ (6,973)	\$ 5,870,418
	Non-Claims Costs (For reporting purposes only, not included in Numerator)*			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ -	\$ -	\$ -
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 including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
20	Total Adjusted Non-Claims Cost	\$ -	\$ -	\$ -



**MCNA
ADJUSTED MEDICAL LOSS RATIO
EXPANSION POPULATION**

Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023

Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023 Expansion Population				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Denominator				
21	Premium Revenue	\$ 13,174,782	\$ (1,938,661)	\$ 11,236,121
	Revenue Adjustments			
22	Less: Premium tax component of reported revenue	\$ 299,669	\$ (46,856)	\$ 252,813
23	Less: Other taxes and licensing and regulatory fees	\$ 41,597	\$ 24,231	\$ 65,828
24	Net Annual MLR Revenue	\$ 12,833,515	\$ (1,961,286)	\$ 10,872,229
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 32 below	\$ -	\$ -	\$ -
27	Total Adjusted MLR Denominator	\$ 12,833,515	\$ (1,961,286)	\$ 10,872,229
MLR Calculation				
28	MLR Percentage Achieved	45.8%	8.2%	54.0%
29	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%
30	Percentage Below 85% Requirement	39.2%	-8.2%	31.0%
31	Dollar Amount of Rebate Requirement	\$ 5,030,738	\$ (1,660,347)	\$ 3,370,391
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	4,221,174	-	4,221,174
Credibility Adjustment Applied				
36	MLR Percentage Achieved	0.0%	0.0%	0.0%
37	Credibility Adjustment	0.0%	0.0%	0.0%
38	Adjusted MLR Percentage Achieved	0.0%	0.0%	0.0%
39	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%
40	Percentage Below 85% Requirement	85.0%	0.0%	85.0%
41	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -

*The Non-Claims Costs line has not been subjected to the procedures applied in the examination, including testing for allowability of expenses or appropriate allocation to the Medicaid line of business. Adjustments identified during the course of the examination were not tested to determine any impact on Non-Claims Costs. Accordingly, we express no opinion on the Non-Claims Costs line.



**MCNA
ADJUSTED MEDICAL LOSS RATIO
NON-EXPANSION POPULATION**

Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023

Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023 Non-Expansion Population				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Numerator				
1	Total Incurred Claims	\$ 106,933,918	\$ -	\$ 106,933,918
	Adjustments to Incurred Claims			
2	Deductions:			
2a	Prescription drug rebates	\$ -	\$ -	\$ -
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 33,797	\$ -	\$ 33,797
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ -	\$ -	\$ -
3b	Fraud reduction expenses	\$ 15,340	\$ -	\$ 15,340
4	Optional Inclusion: Value-Added Services	\$ -	\$ -	\$ -
5	Exclusions:			
5a	Non-Claims Costs	\$ -	\$ -	\$ -
5b	Prior year MLR rebates paid to LDH	\$ -	\$ -	\$ -
5c	Payments 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	\$ 106,915,461	\$ -	\$ 106,915,461
	Health Care Quality Improvement (HCQI) Expenses			
8	HCQI administrative expenses	\$ 243,008	\$ (243,008)	\$ -
9	Exclusions to HCQI	\$ -	\$ -	\$ -
	Health Information Technology (HIT) Expenses			
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	\$ 107,158,469	\$ (243,008)	\$ 106,915,461
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 33 below	\$ -	\$ -	\$ -
16	Total Adjusted MLR Numerator	\$ 107,158,469	\$ (243,008)	\$ 106,915,461
	Non-Claims Costs (For reporting purposes only, not included in Numerator)*			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ -	\$ -	\$ -
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 including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
20	Total Adjusted Non-Claims Cost	\$ -	\$ -	\$ -



**MCNA
ADJUSTED MEDICAL LOSS RATIO
NON-EXPANSION POPULATION**

Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023

Adjusted Medical Loss Ratio for the Calendar Year Ended December 31, 2022 Paid Through April 30, 2023 Non-Expansion Population				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Denominator				
21	Premium Revenue	\$ 115,686,410	\$ 2,339,863	\$ 118,026,273
	Revenue Adjustments			
22	Less: Premium tax component of reported revenue	\$ 2,598,266	\$ 57,325	\$ 2,655,591
23	Less: Other taxes and licensing and regulatory fees	\$ 1,491,243	\$ (292,349)	\$ 1,198,894
24	Net Annual MLR Revenue	\$ 111,596,902	\$ 2,104,839	\$ 113,701,741
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 32 below	\$ -	\$ -	\$ -
27	Total Adjusted MLR Denominator	\$ 111,596,902	\$ 2,104,839	\$ 113,701,741
MLR Calculation				
28	MLR Percentage Achieved	96.0%	-2.0%	94.0%
29	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	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	6,637,514	-	6,637,514
Credibility Adjustment Applied				
36	MLR Percentage Achieved	0.0%	0.0%	0.0%
37	Credibility Adjustment	0.0%	0.0%	0.0%
38	Adjusted MLR Percentage Achieved	0.0%	0.0%	0.0%
39	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%
40	Percentage Below 85% Requirement	85.0%	0.0%	85.0%
41	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -

*The Non-Claims Costs line has not been subjected to the procedures applied in the examination, including testing for allowability of expenses or appropriate allocation to the Medicaid line of business. Adjustments identified during the course of the examination were not tested to determine any impact on Non-Claims Costs. Accordingly, we express no opinion on the Non-Claims Costs line.



Schedule of Adjustments and Comments for the Calendar Year Ended December 31, 2022

During our examination, we identified the following adjustments.

Adjustment #1 – To adjust Health Care Quality Improvement (HCQI) expenses to the verified amounts.

The health plan reported HCQI expenses of \$6,973 for the Expansion population and \$243,008 for the Non-Expansion population. Based on the supporting documentation provided by the plan, Myers and Stauffer removed all reported HCQI expenses due to lack of sufficient documentation. The variance between the as-filed amount and the verified amount is shown below. 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(e).

Proposed Adjustment - Expansion		
Line #	Line Description	Amount
8	HCQI administrative expenses	(\$6,973)

Proposed Adjustment – Non-Expansion		
Line #	Line Description	Amount
8	HCQI administrative expenses	(\$243,008)

Adjustment #2 – To adjust capitation revenue to the verified amounts.

The health plan reported premium revenue of \$13,174,782 for the Expansion population and \$115,686,410 for the Non-Expansion population. The state's capitation data supported premium revenue of \$11,236,121 for the Expansion population and \$118,026,273 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 the 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	Premium Revenue	(\$1,938,661)

Proposed Adjustment – Non-Expansion		
Line #	Line Description	Amount
21	Premium Revenue	\$2,339,863



Adjustment #3 – To adjust premium tax to the verified amounts.

The health plan reported premium taxes of \$299,669 for the Expansion population and \$2,598,266 for the Non-Expansion population. The state's revenue data supported premium taxes of \$252,813 for the Expansion population and \$2,655,591 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 the 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	(\$46,856)

Proposed Adjustment – Non-Expansion		
Line #	Line Description	Amount
22	Premium tax component of reported revenue	\$57,325

Adjustment #4 – To adjust income tax to the verified amount.

The health plan reported income taxes of \$41,597 for the Expansion population and \$1,491,243 for the Non-Expansion population. Based on the supporting documentation provided by the plan, Myers and Stauffer determined that income tax of \$65,828 for the Expansion population and \$1,198,894 for the Non-Expansion population should have been reported. The income tax amounts were an adjustment to line 23 as shown below. 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 - Expansion		
Line #	Line Description	Amount
23	Other taxes and licensing and regulatory fees	\$24,231

Proposed Adjustment – Non-Expansion		
Line #	Line Description	Amount
23	Other taxes and licensing and regulatory fees	(\$292,349)