

To: Myers and Stauffer
From: Kyle Viator
Market President, AmeriHealth Caritas Louisiana, Inc.
Date: February 27, 2026
Subject: Management Response to Medical Loss Ratio Adjustments

Adjustment #1 – To remove contracted incentive program payments and expenses qualifying under 42 CFR § 438.6(b)(2)

The health plan reported Louisiana's Managed Care Incentive Payment (MCIP) expenses and revenues in the numerator and denominator, respectively, within the health plan's MLR filing. This contracted incentive program qualifies under 42 CFR § 438.6(b)(2) and both the incentive revenue received by the health plan and any health plan distributions to its providers associated with this program are excludable from the MLR calculation. Incentive program payments qualifying under 42 CFR § 438.6(b)(2) are not listed as includable for the MLR calculation and this exclusion treatment is further confirmed within the MLR final rule commentary. Therefore, adjustments were proposed to remove the as-filed MLR expenses and revenues for the Non-Expansion and Expansion populations related to this incentive program. The MLR numerator and denominator reporting requirements are addressed in the Healthy Louisiana's MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR §§ 438.8(e) and 438.8 (f)

Management Response:

Management disagrees with proposed adjustment #1. AmeriHealth Caritas Louisiana, Inc. reported incentive program payments in accordance with the instructions listed in the bulletin noted below, that was established by LDH for the July 2023 – June 2024 MLR report. As noted in the instructions from LDH, the MCIP payments should be included for the MLR calculation. While the CMS guidance has been updated and clarified, the MCO's were not provided direction from LDH to change the reporting of MCIP incentives for the July 2023 – June 2024 MLR report.

MCE SFY24 MLR 019A Instructions.pdf Revised August 2024, effective 7/1/2023 page #4 states:

Revenues

Each MCE must report to LDH total revenue received from LDH for each MLR reporting period, prior to reinsurance. Revenues means all monies paid by LDH to the MCE for providing core benefits and services as defined in the terms of the contract **including Medicaid Managed Care Incentive Program (MCIP) revenues earned** and State Directed Payments (SDPs). This should include any retroactive payments received during the runout period for dates of service in the MLR reporting period and should reflect a proper matching with the expenses reported. Revenues includes all capitation and maternity kick payments with deductions (as calculated by the MLR reporting template) for premium tax and all other applicable taxes/fees. The MCE's Federal, State, and local taxes and licensing and regulatory fees (as defined in [42 CFR 438.8(f)(3)]) may be deducted from revenues on the applicable line in the MLR reporting template.

In conclusion, while management respectfully disagrees with the proposed adjustment regarding MCIP reporting, we acknowledge and agree with the other findings noted within the report. We remain committed to maintaining compliance with all applicable regulations and ensuring transparency in our reporting practices.



Sincerely,

A handwritten signature in black ink, appearing to read 'K. Viator'.

Kyle Viator, Market President
AmeriHealth Caritas Louisiana, Inc.