



Aetna Better Health of Louisiana, Inc.

Healthy Louisiana  
Louisiana Medicaid  
Managed Care Programs

## Adjusted Medical Loss Ratio

*(With Independent Accountant's Report Theron)*

For the State Fiscal Year Ended June 30, 2024

Paid Through October 31, 2024

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# Independent Accountant's Report

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Louisiana Department of Health  
Baton Rouge, Louisiana

We have examined the accompanying Adjusted Medical Loss Ratios of Aetna Better Health Of Louisiana, Inc. (health plan) for their Medicaid Non-Expansion and Expansion populations for the state fiscal year ended June 30, 2024. The health plan's management is responsible for presenting the Medical Loss Ratios in accordance with the criteria set forth in 42 Code of Federal Regulations (CFR) § 438.8 and other applicable federal guidance (criteria). This criteria was used to prepare the Adjusted Medical Loss Ratios. Our responsibility is to express an opinion on the Adjusted Medical Loss Ratios 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 Ratios are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Adjusted Medical Loss Ratios. 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 Ratios, 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 Ratios were prepared from information contained in the Medical Loss Ratios 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.

In our opinion, the Adjusted Medical Loss Ratios are presented in accordance with the criteria, in all material respects, and the Adjusted Medical Loss Ratios meet or exceed the Centers for Medicare & Medicaid Services (CMS) and state requirement of 85 percent for their Medicaid Non-Expansion and Expansion populations for the state fiscal year ended June 30, 2024.

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  
February 24, 2026

AETNA BETTER HEALTH OF LOUISIANA, INC.  
ADJUSTED MEDICAL LOSS RATIO  
NON-EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Medical Loss Ratio Numerator</b>				
1	<b>Total Incurred Claims</b>	\$ 386,395,300	\$ (3,563,366)	\$ 382,831,934
	Adjustments to Incurred Claims			
2	Deductions:			
2a	Prescription drug rebates	\$ 89,987	\$ -	\$ 89,987
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 4,071,625	\$ -	\$ 4,071,625
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ 21,368,899	\$ (15,359,256)	\$ 6,009,643
3b	Fraud reduction expenses	\$ 103,327	\$ -	\$ 103,327
3c	State Directed Payments (SDPs distributed to providers)	\$ 106,798,892	\$ -	\$ 106,798,892
4	Optional Inclusion: Value-Added Services	\$ 1,291,530	\$ 2,256,617	\$ 3,548,147
5	Exclusions:			
5a	Payments delegated vendors exceeding amount paid to providers	\$ -	\$ -	\$ -
5b	Spread pricing amounts paid to PBM	\$ -	\$ -	\$ -
6	Other: Incurred claims assumed	\$ -	\$ -	\$ -
7	<b>Adjusted Incurred Claims</b>	\$ 511,796,338	\$ (16,666,005)	\$ 495,130,333
	Health Care Quality Improvement (HCQI) Expenses			
8	HCQI admin expenses	\$ 7,471,442	\$ -	\$ 7,471,442
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	<b>Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses</b>	\$ 519,267,780	\$ (16,666,005)	\$ 502,601,775
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	<b>Total Adjusted MLR Numerator</b>	\$ 519,267,780	\$ (16,666,005)	\$ 502,601,775
	<b>Non-Claims Costs (For reporting purposes only, not included in Numerator)*</b>			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 28,413,695	\$ -	\$ 28,413,695
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)	\$ 1,032,311	\$ -	\$ 1,032,311
19	Adjustments to Non-Claims including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
20	<b>Total Adjusted Non-Claims Cost</b>	\$ 29,446,006	\$ -	\$ 29,446,006

# AETNA BETTER HEALTH OF LOUISIANA, INC. ADJUSTED MEDICAL LOSS RATIO NON-EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Medical Loss Ratio Denominator</b>				
21	<b>Healthy Louisiana Premium Revenue</b>	\$ 455,813,311	\$ -	\$ 455,813,311
22	Directed Payments	\$ 112,677,294	\$ -	\$ 112,677,294
23	MCIP	\$ 15,727,997	\$ (15,727,997)	\$ 0
24	Hep C Risk Corridor	\$ (252,245)	\$ -	\$ (252,245)
	Revenue Adjustments			
25	Less: Premium tax component of reported revenue	\$ 25,118,432	\$ 5,897,392	\$ 31,015,824
26	Less: Other taxes and licensing and regulatory fees	\$ (3,895,790)	\$ -	\$ (3,895,790)
27	<b>Net Annual MLR Revenue</b>	\$ 562,743,716	\$ (21,625,389)	\$ 541,118,327
28	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$ -	\$ -
29	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	\$ -	\$ -	\$ -
30	<b>Total Adjusted MLR Denominator</b>	\$ 562,743,716	\$ (21,625,389)	\$ 541,118,327
<b>MLR Calculation</b>				
31	<b>MLR Percentage Achieved (Unadjusted MLR)</b>	92.3%	0.6%	92.9%
32	<b>Credibility Adjustment</b>	0.0%	0.0%	0.0%
33	<b>Adjusted MLR</b>	92.3%	0.6%	92.9%
34	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%
35	Calculated Percentage for Remittance Purposes	0.0%	0.0%	0.0%
36	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -
<b>Reconciliation of Prior Year New Enrollee Capitation Exclusion</b>				
37	Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$ -	\$ -	\$ -
38	Less: Prior year incurred claims for excluded New Enrollees	\$ -	\$ -	\$ -
39	<b>Total Net Adjustment for New Enrollees from prior years</b>	\$ -	\$ -	\$ -
40	<b>MLR Member Months</b>	1,095,891	-	1,095,891

\*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.

\*\*Percentages and amounts may not appear to foot and crossfoot due to rounding.

# AETNA BETTER HEALTH OF LOUISIANA, INC. ADJUSTED MEDICAL LOSS RATIO EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Medical Loss Ratio Numerator</b>				
<b>1</b>	<b>Total Incurred Claims</b>	\$ 537,037,129	\$ (8,557,170)	\$ 528,479,959
	Adjustments to Incurred Claims			
2	Deductions:			
2a	Prescription drug rebates	\$ 214,729	\$ -	\$ 214,729
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 3,366,771	\$ -	\$ 3,366,771
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ 17,268,268	\$ (12,504,376)	\$ 4,763,892
3b	Fraud reduction expenses	\$ 151,547	\$ -	\$ 151,547
3c	State Directed Payments (SDPs distributed to providers)	\$ 156,948,844	\$ -	\$ 156,948,844
4	Optional Inclusion: Value-Added Services	\$ 3,191,151	\$ 5,060,852	\$ 8,252,003
5	Exclusions:			
5a	Payments delegated vendors exceeding amount paid to providers	\$ -	\$ -	\$ -
5b	Spread pricing amounts paid to PBM	\$ -	\$ -	\$ -
6	Other: Incurred claims assumed	\$ -	\$ -	\$ -
<b>7</b>	<b>Adjusted Incurred Claims</b>	<b>\$ 711,015,439</b>	<b>\$ (16,000,694)</b>	<b>\$ 695,014,745</b>
	Health Care Quality Improvement (HCQI) Expenses			
8	HCQI admin expenses	\$ 8,511,074	\$ -	\$ 8,511,074
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	\$ -	\$ -	\$ -
<b>13</b>	<b>Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses</b>	<b>\$ 719,526,513</b>	<b>\$ (16,000,694)</b>	<b>\$ 703,525,819</b>
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	\$ -	\$ -	\$ -
<b>16</b>	<b>Total Adjusted MLR Numerator</b>	<b>\$ 719,526,513</b>	<b>\$ (16,000,694)</b>	<b>\$ 703,525,819</b>
<b>Non-Claims Costs (For reporting purposes only, not included in Numerator)*</b>				
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ 39,717,268	\$ -	\$ 39,717,268
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)	\$ 1,438,537	\$ -	\$ 1,438,537
19	Adjustments to Non-Claims including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
<b>20</b>	<b>Total Adjusted Non-Claims Cost</b>	<b>\$ 41,155,804</b>	<b>\$ -</b>	<b>\$ 41,155,804</b>

# AETNA BETTER HEALTH OF LOUISIANA, INC. ADJUSTED MEDICAL LOSS RATIO EXPANSION POPULATION

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Medical Loss Ratio Denominator</b>				
21	<b>Healthy Louisiana Premium Revenue</b>	\$ 609,038,674	\$ -	\$ 609,038,674
22	Directed Payments	\$ 165,892,087	\$ -	\$ 165,892,087
23	MCIP	\$ 14,242,508	\$ (14,242,508)	\$ 0
24	Hep C Risk Corridor	\$ (1,615,733)	\$ -	\$ (1,615,733)
<b>Revenue Adjustments</b>				
25	Less: Premium tax component of reported revenue	\$ 33,561,357	\$ 9,065,861	\$ 42,627,218
26	Less: Other taxes and licensing and regulatory fees	\$ (1,195,507)	\$ -	\$ (1,195,507)
27	<b>Net Annual MLR Revenue</b>	\$ 755,191,686	\$ (23,308,369)	\$ 731,883,317
28	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$ -	\$ -
29	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	\$ -	\$ -	\$ -
30	<b>Total Adjusted MLR Denominator</b>	\$ 755,191,686	\$ (23,308,369)	\$ 731,883,317
<b>MLR Calculation</b>				
31	<b>MLR Percentage Achieved (Unadjusted MLR)</b>	95.3%	0.8%	96.1%
32	<b>Credibility Adjustment</b>	0.0%	0.0%	0.0%
33	<b>Adjusted MLR</b>	95.3%	0.8%	96.1%
34	MLR Percentage Requirement for Rebate Calculation	85.0%	0.0%	85.0%
35	Calculated Percentage for Remittance Purposes	0.0%	0.0%	0.0%
36	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -
<b>Reconciliation of Prior Year New Enrollee Capitation Exclusion</b>				
37	Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$ -	\$ -	\$ -
38	Less: Prior year incurred claims for excluded New Enrollees	\$ -	\$ -	\$ -
39	<b>Total Net Adjustment for New Enrollees from prior years</b>	\$ -	\$ -	\$ -
40	<b>MLR Member Months</b>	869,364	-	869,364

\*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.

\*\*Percentages and amounts may not appear to foot and crossfoot due to rounding.

# Schedule of Adjustments

During the course of the engagement, we identified the following adjustment(s).

**Adjustment #1 – To remove the as-filed value-added service (VAS) amounts from Line 1 and to adjust Line 4 to reflect the supported VAS amounts**

The health plan included value-added services (VAS) in both line 1 and line 4 of the as-filed MLR. The health plan submitted supporting documentation confirming that these VAS amounts should have been solely reported within line 4 of the as-filed MLR and provided support for the allowable amount to report. An adjustment was proposed to remove the VAS amounts out of line 1 and to reflect the supported VAS amounts in line 4. 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)(2).

Population	Line #	Line Description	Amount
Non-Expansion	1	Total Incurred Claims	(\$3,419,445)
Non-Expansion	4	Optional Inclusion: Value-Added Services	\$2,256,617
Expansion	1	Total Incurred Claims	(\$8,038,510)
Expansion	4	Optional Inclusion: Value-Added Services	\$5,060,852

**Adjustment #2 – To adjust pharmacy rate guarantees per PBM supporting documentation**

The health plan reported pharmacy incurred claims for the pharmacy benefit manager (PBM), CaremarkPCS Health LLC. It was determined that contracted rate guarantee calculations were calculated annually for participating pharmacies based on contracts with the PBM. The calculation outlined, at the Medicaid line of business level, the effective rates paid to pharmacies compared to the contracted discount rates and dispensing fees. The overall impact for the Medicaid line of business was a reduction in reimbursement to pharmacies. An adjustment was proposed to reduce incurred claims for the Medicaid rate guarantee calculated amount per the PBM’s supporting documentation. The incurred claims and third party reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2) and Center for Medicaid & CHIP Services Informational Bulletin: MLR Requirements Related to Third Party Vendors dated May 15, 2019.

Population	Line #	Line Description	Amount
Non-Expansion	1	Total Incurred Claims	(\$382,684)
Expansion	1	Total Incurred Claims	(\$837,685)

**Adjustment #3 – To include hospital cost settlements in incurred claims**

The health plan provided supporting documentation that verified that hospital cost settlement accounts were omitted from the as-filed MLR. These cost settlements included both payment and receipt amounts with outpatient hospitals which were excluded from the claim adjudication system. An adjustment was proposed to include these cost settlements in incurred claims based on the health plan’s documentation. The incurred claims reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Population	Line #	Line Description	Amount
Non-Expansion	1	Total Incurred Claims	\$238,763
Expansion	1	Total Incurred Claims	\$319,025

**Adjustment #4 – 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 MLR filing. This contracted incentive program is set up under 42 CFR § 438.6(b)(2) which is not includable in the MLR calculation. 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. 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).

Population	Line #	Line Description	Amount
Non-Expansion	3a	Incentive and bonus payments made to providers	(\$15,359,256)
Non-Expansion	23	MCIP	(\$15,727,997)
Expansion	3a	Incentive and bonus payments made to providers	(\$12,504,376)
Expansion	23	MCIP	(\$14,242,508)

**Adjustment #5 – To adjust premium tax to the verified support**

The health plan reported premium taxes for the MLR reporting period. These premium taxes did not account for the premium taxes associated with the directed payment amounts. The variance between the reported premium tax amounts and the state verified premium tax amounts will be an adjustment to line 25 as shown below. The tax reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3).

Population	Line #	Line Description	Amount
Non-Expansion	25	Less: Premium tax component of reported revenue	\$5,897,392
Expansion	25	Less: Premium tax component of reported revenue	\$9,065,861