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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 Ratios of MCNA Insurance Company (health plan) for their Medicaid Non-Expansion and Expansion populations for the period of January 1, 2023 through June 30, 2023. 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 the Medicaid Non-Expansion and Expansion populations for the period of January 1, 2023, through June 30, 2023.

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 May 28, 2025



Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
umerato	<u> </u>			•
1	Total Incurred Claims	\$ 54,222,323	\$ (2,224,630)	\$ 51,997,693
	Adjustments to Incurred Claims	ψ 31,222,323	(2)22 1,000)	ψ 32,537,033
2	Deductions:			
2a	Prescription drug rebates	\$ -	\$ -	\$ -
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 30,603	\$ (741)	\$ 29.862
3	Inclusions:		, , ,	, , , , , , , , , , , , , , , , , , , ,
3a	Incentive and bonus payments made to providers	\$ -	\$ -	\$ -
3b	Fraud reduction expenses	\$ 11,859	\$ 12,876	\$ 24,735
3c	State Directed Payments (SDPs distributed to providers)	\$ -	\$ -	\$ -
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	\$ 54,203,579	\$ (2,211,013)	\$ 51,992,566
	Health Care Quality Improvement (HCQI) Expenses			, , ,
8	HCQI administrative expenses	\$ 120,342	\$ (77,713)	\$ 42,629
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	\$ 54,323,920	\$ (2,288,726)	\$ 52,035,194
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	\$ 54,323,920	\$ (2,288,726)	\$ 52,035,194
	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	\$ -	\$ -	\$ -

Line#	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
enomina	ator			
21	Premium Revenue	\$ 56,107,580	\$ 505,589	\$ 56,613,169
22	Directed Payments	\$ -	\$ -	\$ -
	Revenue Adjustments			
23	Less: Premium tax component of reported revenue	\$ 1,262,421	\$ 11,375	\$ 1,273,796
24	Less: Other taxes and licensing and regulatory fees	\$ (855,127)	\$ 861,648	\$ 6,522
25	Net Annual MLR Revenue	\$ 55,700,285	\$ (367,434)	\$ 55,332,851
26	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$ -	\$ -
27	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	\$ -	\$ -	\$ -
28	Total Adjusted MLR Denominator	\$ 55,700,285	\$ (367,434)	\$ 55,332,851
1LR Calc	ulation			
29	MLR Percentage Achieved (Unadjusted MLR)	97.5%	-3.5%	94.0
30	Credibility Adjustment	0.0%	0.0%	0.0
31	Adjusted MLR	97.5%	-3.5%	94.0
32	MLR Percentage Requirement for Rebate Calculation	85.0%		85.0
33	Calculated Percentage for Remittance Purposes	0.0%	0.0%	0.0
34	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -
oconcilia	ation of Prior Year New Enrollee Capitation Exclusion			
econcina		\$ -	\$ -	\$ -
35	Prior year new enrollee capitation adjustment exclusion (net of premium tax)			
	Prior year new enrollee capitation adjustment exclusion (net of premium tax) Less: Prior year incurred claims for excluded New Enrollees	\$ -	\$ -	\$ -

^{*}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.

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
lumerato	or			
1	Total Incurred Claims	\$ 2,020,877	\$ 2,212,449	\$ 4,233,326
	Adjustments to Incurred Claims			
2	Deductions:			
2a	Prescription drug rebates	\$ -	\$ -	\$ -
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 1,611	\$ 741	\$ 2,352
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ -	\$ -	\$ -
3b	Fraud reduction expenses	\$ 624	\$ 1,324	\$ 1,948
3c	State Directed Payments (SDPs distributed to providers)	\$ -	\$ -	\$ -
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	\$ 2,019,891	\$ 2,213,032	\$ 4,232,923
	Health Care Quality Improvement (HCQI) Expenses			
8	HCQI administrative expenses	\$ 2,029	\$ 1,783	\$ 3,812
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	\$ 2,021,920	\$ 2,214,815	\$ 4,236,735
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	\$ 2,021,920	\$ 2,214,815	\$ 4,236,735
	Non-Claims Costs (For reporting purposes only, not included in Numerator)*			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ -	\$ -	\$ -
	Program Integrity Activities [42 CFR 438.608(a)(1) through (5), (7), (8) and (b)].			
18	(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	\$ -	\$ -	\$ -

Line #	Line Description	Re	ported Amounts	Adjustment Amounts	Ad	justed Amounts
enomina	ator					
21	Premium Revenue	\$	4,852,560	\$ 50,974	\$	4,903,53
22	Directed Payments	\$	-	\$ -	\$	-
	Revenue Adjustments					
23	Less: Premium tax component of reported revenue	\$	109,183	\$ 1,147	\$	110,33
24	Less: Other taxes and licensing and regulatory fees	\$	(14,533)	\$ 14,776	\$	24
25	Net Annual MLR Revenue	\$	4,757,910	\$ 35,051	\$	4,792,96
26	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$	-	\$ -	\$	-
27	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	\$	-	\$ -	\$	-
28	Total Adjusted MLR Denominator	\$	4,757,910	\$ 35,051	\$	4,792,96
/ILR Calcu	ulation					
29	MLR Percentage Achieved (Unadjusted MLR)		42.5%	45.9%		88.
20	Cundibility Adiustment		0.00/	0.0%		0.0

MLR Calcu	ulation			
29	MLR Percentage Achieved (Unadjusted MLR)	42.5%	45.9%	88.4%
30	Credibility Adjustment	0.0%	0.0%	0.0%
31	Adjusted MLR	42.5%	45.9%	88.4%
32	MLR Percentage Requirement for Rebate Calculation	85.0%		85.0%
33	Calculated Percentage for Remittance Purposes	42.5%	-42.5%	0.0%
34	Dollar Amount of Rebate Requirement	\$ 2,022,112	\$ (2,022,112)	\$ -

Reconcilia	Reconciliation of Prior Year New Enrollee Capitation Exclusion						
35	Prior year new enrollee capitation adjustment exclusion (net of premium tax)	\$	-	\$	-	\$	-
36	Less: Prior year incurred claims for excluded New Enrollees	\$	-	\$	-	\$	-
37	Total Net Adjustment for New Enrollees from prior years	\$	-	\$	-	\$	-
38	MLR Member Months		2,193,532		-		2,193,532

^{*}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 adjust incurred claims to the verified amounts.

The health plan reported incurred claims of \$54,222,323 for the Non-Expansion population and \$2,020,877 for the Expansion population. The plan revised their methodology to identify Non-Expansion versus Expansion claims and re-submitted lag tables and claims detail. We discussed the plan's proposed changes for determining which population to assign a member based on the 820 transaction set details with the plan and state. The variance between the reported incurred claims amounts and the verified amounts will be an adjustment to line 1 as 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 - Non-Expansion						
Line #	Line Description	Amount				
1	Total Incurred Claims	(\$2,224,630)				

Proposed Adjustment - Expansion						
Line #	Line Description	Amount				
1	Total Incurred Claims	\$2,212,449				

Adjustment #2 - To adjust overpayment and recoveries amounts to the verified amounts.

The health plan reported overpayment and recoveries of \$30,603 for the Non-Expansion population and \$1,611 for the Expansion population. It was determined that a reclassification between the Non-Expansion and the Expansion populations was necessary. The variance will be an adjustment to line 2c as shown below. 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 – Non-Expansion						
Line #	Line Description	Amount				
2c	Overpayment recoveries received from providers	(\$741)				



Proposed Adjustment – Expansion						
Line #	Line Description	Amount				
2c	Overpayment recoveries received from providers	\$741				

Adjustment #3 – To adjust fraud expenses to the verified amounts.

The health plan reported fraud expense of \$11,859 for the Non-Expansion population and \$624 for the Expansion population. It was determined that the plan understated fraud expenses for both the Non-Expansion and Expansion populations. The variance between the reported fraud expenses and the verified amounts will be an adjustment to line 3b as shown below. 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 – Non-Expansion						
Line #	Line Description	Amount					
3b	Fraud reduction expenses	\$12,876					

Proposed Adjustment – Expansion		
Line #	Line Description	Amount
3b	Fraud reduction expenses	\$1,324

Adjustment #4 - To adjust Health Care Quality Improvement (HCQI) to the verified amounts.

The health plan reported HCQI expenses of \$120,342 for the Non-Expansion population and \$2,029 for the Expansion population. It was determined the health plan included non-qualifying HCQI expenses based on federal guidance. The variance between the reported HCQI amounts and the verified amounts will be an adjustment to line 8 as 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 – Non-Expansion		
Line #	Line Description	Amount
8	HCQI administrative expenses	(\$77,713)

Proposed Adjustment – Expansion		
Line #	Line Description	Amount
8	HCQI administrative expenses	\$1,783



Adjustment #5 – To adjust premium revenue to the verified amounts.

The health plan reported premium revenue of \$56,107,580 for the Non-Expansion population and \$4,852,560 for the Expansion population. The state's revenue data supported premium revenue of \$56,613,169 for the Non-Expansion population and \$4,903,534 for the Expansion population. The variance between the reported premium revenue amounts and the state's data will be 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 – Non-Expansion		
Line #	Line Description	Amount
21	Premium Revenue	\$505,589

Proposed Adjustment – Expansion		
Line #	Line Description	Amount
21	Premium Revenue	\$50,974

Adjustment #6 – To adjust income tax to the verified amount.

The health plan reported income taxes of (\$855,127) for the Non-Expansion population and (\$14,533) for the Expansion population. Based on the supporting documentation provided by the plan and our review of tax amounts found in the audited financial statements, the income tax amounts were adjusted to \$6,521 for Non-Expansion and \$243 for Expansion. The variance between the reported income tax amounts and the verified amounts will be an adjustment to line 24 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 – Non-Expansion		
Line #	Line Description	Amount
24	Less: Other taxes and licensing and regulatory fees	\$861,648

Proposed Adjustment – Expansion		
Line #	Line Description	Amount
24	Less: Other taxes and licensing and regulatory fees	\$14,776



Adjustment #7 – To adjust premium tax to the verified amounts.

The health plan reported premium taxes of \$1,262,421 for the Non-Expansion population and \$109,183 for the Expansion population. The state's revenue data supported premium taxes of \$1,273,796 for the Non-Expansion population and \$110,330 for the Expansion population. The variance between the reported premium tax amounts and the state's data will be 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 – Non-Expansion		
Line #	Line Description	Amount
23	Less: Premium tax component of reported revenue	\$11,375

Proposed Adjustment – Expansion		
Line #	Line Description	Amount
23	Less: Premium tax component of reported revenue	\$1,147