

The background features a blurred medical scene with a person lying down. A large green cross is centered over the person. 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 dark grey diagonal band runs from the top right to the bottom left, containing the title and report information.

SELECTHEALTH, INC.
Legacy Non-Expansion
Medicaid Managed Care Programs

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

For the State Fiscal Year Ending June 30, 2020
Paid through September 30, 2020



MYERS AND
STAUFFER^{LC}
CERTIFIED PUBLIC ACCOUNTANTS



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State of Utah
Department of Health, Division of Medicaid and Health Financing
Salt Lake City, Utah

Independent Accountant's Report

We have examined the accompanying Adjusted Medical Loss Ratio of SelectHealth, Inc. (SelectHealth) Accountable Care Organization for the state fiscal year ending June 30, 2020. SelectHealth's management is responsible for presenting the Medical Loss Ratio (MLR) Reporting 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.

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.

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 Percentage Achieved exceeds the Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) for the state fiscal year ending June 30, 2020.

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

Myers and Stauffer LC
Kansas City, Missouri
January 21, 2022



Adjusted Medical Loss Ratio for the State Fiscal Year Ending June 30, 2020 Paid Through September 30, 2020

Adjusted Medical Loss Ratio for the State Fiscal Year Ending June 30, 2020 Paid Through September 30, 2020				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
1. Numerator				
1.1	Incurred Claims	\$ 312,186,307	\$ 128,316,743	\$ 440,503,050
1.2	Quality Improvement	\$ 4,723,212	\$ (815,051)	\$ 3,908,161
1.3	Total Numerator	\$ 316,909,519	\$ 127,501,692	\$ 444,411,211
2. Denominator				
2.1	Premium Revenue	\$ 337,992,240	\$ 133,731,463	\$ 471,723,703
2.2	Taxes and Fees	\$ 29,592	\$ 1,627,985	\$ 1,657,577
2.3	Total Denominator	\$ 337,962,648	\$ 132,103,478	\$ 470,066,126
3. Credibility Adjustment				
3.1	Member Months	1,071,419	-	1,071,419
3.2	Credibility	Fully Credible		Fully Credible
3.3	Credibility Adjustment	0.00%	0.0%	0.0%
4. MLR Calculation				
4.1	Unadjusted MLR	93.77%	0.7%	94.5%
4.2	Credibility Adjustment	0.00%	0.0%	0.0%
4.3	Adjusted MLR	93.77%	0.7%	94.5%
5. Remittance Calculation				
5.1	Is Plan Membership Above the Minimum Credibility Value?	Yes		Yes
5.2	MLR Standard	85.00%		85.0%
5.3	Adjusted MLR	93.77%		94.5%
5.4	Meets MLR Standard	Yes		Yes



Schedule of Adjustments and Comments for the State Fiscal Year Ending June 30, 2020

During our examination, we identified the following adjustments.

Adjustment #1 – To remove non-qualifying HCQI expenses

Based on supporting documentation, it was determined health care quality improvement (HCQI) expenses reported on the MLR Report included certain non-qualifying positions and/or duties as well as indirect overhead. Therefore, an adjustment was proposed to remove the non-qualifying salaries, benefits, and indirect overhead from HCQI expenses. The HCQI reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(3).

Proposed Adjustment		
Line #	Line Description	Amount
1.2	Quality Improvement	(\$815,051)

Adjustment #2 – To adjust premium revenue to state data

The health plan reported revenue amounts that did not reflect all payments received for its members applicable to the covered dates of service for the MLR reporting period. An adjustment was proposed to report the revenues per state data for capitation payments, Health Insurer Fee (HIF) payments, maternity payments, and high cost drug pool payments. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2). The health plan completed the MLR Report based on the template and instructions.

Proposed Adjustment		
Line #	Line Description	Amount
2.1	Premium Revenue	\$5,414,720

Adjustment #3 – To adjust the HIF expense to state data

The health plan did not report the HIF expense for the MLR reporting period. The associated HIF revenues were included within Adjustment #2 and adjusted to state data. An adjustment was proposed to include HIF expense to reflect state data amounts. The taxes and fees reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3) and the CMS Health Insurance



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Providers Fee for Medicaid Managed Care Plans FAQ dated October 2014. The health plan completed the MLR Report based on the template and instructions.

Proposed Adjustment		
Line #	Line Description	Amount
2.2	Taxes and Fees	\$1,627,985

Adjustment #4 – To adjust premium revenue and incurred claims for directed payments and associated expense

The MLR Report did not reflect directed payments in the numerator nor the denominator of the calculation. After discussions with the Department of Health, it was determined the private hospitals 26-36d-205, state hospital inpatient upper payment limit (UPL), state hospital outpatient UPL, and the University of Utah Medical Group payments are approved under 42 CFR § 438.6(c); and therefore should be included in the MLR calculation. Premium revenue and incurred claims were adjusted to include the payments and associated expense per state data. The directed payment and associated expense reporting requirements are addressed Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2) and § 438.6(c). The health plan completed the MLR Report based on the template and instructions.

Proposed Adjustment		
Line #	Line Description	Amount
1.1	Incurred Claims	\$128,316,743
2.1	Premium Revenue	\$128,316,743