

The background features a blurred image of a person in a hospital bed, overlaid with a green geometric pattern of lines and various medical icons such as a syringe, a pill, a stethoscope, and a group of people. A large white cross is centered over the person's chest. The right side of the page is a dark grey diagonal gradient.

**WASATCH BEHAVIORAL
HEALTH**
**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**
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 Wasatch Behavioral Health Prepaid Mental Health Plan for the state fiscal year ending June 30, 2020. Wasatch Behavioral Health's management is responsible for presenting the Medical Loss Ratio (MLR) 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.

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 for the Mental Health population 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 Wasatch Behavioral Health 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
March 17, 2022



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

Adjusted Mental Health 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	\$ 23,586,125	\$ (345,494)	\$ 23,240,631
1.2	Quality Improvement	\$ 347,648	\$ (306,606)	\$ 41,042
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ 23,933,773	\$ (652,100)	\$ 23,281,672
2. Denominator				
2.1	Premium Revenue	\$ 26,932,548	\$ 77,686	\$ 27,010,234
2.2	Taxes and Fees	\$ 538,482	\$ (538,482)	\$ -
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 26,394,066	\$ 616,168	\$ 27,010,234
3. Credibility Adjustment				
3.1	Member Months	510,903	4,581	515,484
3.2	Credibility	Fully Credible		Fully Credible
3.3	Credibility Adjustment	0.00%	0.0%	0.0%
4. MLR Calculation				
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	90.68%	-4.5%	86.2%
4.2	Credibility Adjustment	0.00%	0.0%	0.0%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	90.68%	-4.5%	86.2%
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	90.68%		86.2%
5.4	Meets MLR Standard	Yes		Yes



Mental Health 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 adjust HCQI based on supporting documentation

The health plan reported health care quality improvement (HCQI) expenses based on actual cost utilizing salaries and benefits of employees identified as performing HCQI activities. During testing, activity summaries were reviewed for each employee and several were determined to be non-qualifying based on federal guidance. Therefore, an adjustment was proposed to remove the cost for unqualified activities reported as HCQI expenses from the MLR Report. 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	(\$306,606)

Adjustment #2 – To remove items that do not qualify as examination fees, state premium taxes, local taxes and assessments

The health plan reported the PMHP administrative charge as a local tax on the MLR Report. This is part of an intergovernmental transfer (IGT) between the health plan and Utah Department of Health (DOH). After discussions with the DOH, it was determined that the administrative charge does not meet the definition of an allowable tax per the federal guidance. An adjustment was proposed to remove the administrative charge from the MLR calculation. The qualifying tax reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3).

Proposed Adjustment		
Line #	Line Description	Amount
2.2	Taxes and Fees	(\$285,651)



Adjustment #3 – To remove non-qualifying Community Benefit Expenditures

The Health Plan reported Community Benefit Expenditures (CBE) related to multiple non-covered services on the MLR Report. Upon review of the guidance related to CBE, it was determined that the items reported as CBE do not qualify and should be removed from the MLR Report. An adjustment was proposed to remove all amounts claimed. The CBE reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3) and 45 CFR § 158.162(c).

Proposed Adjustment		
Line #	Line Description	Amount
2.2	Taxes and Fees	(\$252,831)

Adjustment #4 – To adjust incurred claims cost based on adjustments made to the PMHP cost report

The Health Plan's incurred claims cost was reported based on the claims cost included in the PMHP financial report. After performing verification procedures on the PMHP report, adjustments were made to the financial report for the following items:

- Removal of advertising expenses
- Reclassification of health plan quality assurance and performance improvement expense and removal of non-qualifying HCQI costs included in centerwide administration
- Updates to correct manual input errors in supportive living costs
- Removal of non-cash other postemployment benefit expense
- Removal of non-cash pension expense
- Reclassification of substance use disorder wages to non-reimbursable costs

These adjustments to the PMHP report then impacted the incurred claims cost reported on the MLR. The incurred claims reported requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustment		
Line #	Line Description	Amount
1.1	Incurred Claims	(\$345,494)

Adjustment #5 – To adjust capitation revenues per 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



SCHEDULE OF ADJUSTMENTS AND COMMENTS

was proposed to report the revenues per the state data. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2).

Proposed Adjustment		
Line #	Line Description	Amount
2.1	Premium Revenue	\$77,686

Adjustment #6 – To adjust member months per state data

The health plan reported member month amounts that did not reflect the total member months per the state data for its members applicable to the covered dates of service for the MLR reporting period. An adjustment was proposed to report the member months per the state data. The member months reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(k)(1)(xiii).

Proposed Adjustment		
Line #	Line Description	Amount
3.1	Member Months	4,581