

The background features a blurred image of a person's hands holding a stethoscope. A large green cross is centered over the image. Various medical icons are overlaid in a light green color, including a syringe, a pill, a virus, a group of people, and a stethoscope. A dark grey diagonal band runs from the top right to the bottom left, containing the text.

**HEALTHY U BEHAVIORAL  
Expansion Population  
Medicaid Managed Care Programs**

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

For the Six-Month Period Ended June 30, 2020  
Paid through September 30, 2020



**MYERS AND  
STAUFFER**<sub>LC</sub>  
CERTIFIED PUBLIC ACCOUNTANTS



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State of Utah  
Department of Health and Human Services  
Salt Lake City, Utah

### **Independent Accountant's Report**

We have examined the accompanying Adjusted Medical Loss Ratio of Healthy U Behavioral (Healthy U) Prepaid Mental Health Plan for the six-month period ended June 30, 2020. Healthy U's management is responsible for presenting the Medical Loss Ratio 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, except for the effect of the item addressed in the Schedule of Reporting Caveats, the above referenced accompanying Adjusted Medical Loss Ratio is presented in accordance with the above referenced criteria, in all material respects. Based on Healthy U's insufficient claims experience, it is classified by the Centers for Medicare and Medicaid Services (CMS) as a non-credible health plan for the period under examination. Therefore, in accordance with 42 Code of Federal Regulations § 438.8 (h), it is presumed to meet or exceed the MLR standard of eighty-five percent (85%) for the six-month period ended June 30, 2020.

This report is intended solely for the information and use of the Utah Department of Health and Human Services, Milliman, and Healthy U 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  
July 12, 2022



**HEALTHY U BEHAVIORAL  
ADJUSTED MEDICAL LOSS RATIO  
EXPANSION POPULATION**

**Adjusted Mental Health Medical Loss Ratio for the Six-Month Period Ended June 30, 2020 Paid Through September 30, 2020**

Adjusted Mental Health Medical Loss Ratio for the Six-Month Period Ended June 30, 2020 Paid Through September 30, 2020 Expansion Population						
Line #	Line Description	Reported Amounts	Adjustment Amounts	Preliminary Adjusted Amounts	Risk Corridor Cost Settlement Amount	Adjusted Amounts
<b>1. Numerator</b>						
1.1	Incurred Claims	\$ 65,605	\$ 4,018	\$ 69,623		\$ 69,623
1.2	Quality Improvement	\$ 2,434	\$ 33	\$ 2,467		\$ 2,467
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ 68,039	\$ 4,051	\$ 72,090		\$ 72,090
<b>2. Denominator</b>						
2.1	Premium Revenue	\$ 85,998	\$ -	\$ 85,998	\$ -	\$ 85,998
2.2	Taxes and Fees	\$ -	\$ -	\$ -		\$ -
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 85,998	\$ -	\$ 85,998	\$ -	\$ 85,998
<b>3. Credibility Adjustment</b>						
3.1	Member Months	1,556	-	1,556		\$ 1,556
3.1a	Annualized Member Months	3,112	-	3,112		\$ 3,112
3.2	Credibility	Non-Credible		Non-credible		Non-credible
3.3	Credibility Adjustment	Non-Credible	Non-Credible	Non-Credible		Non-Credible
<b>4. MLR Calculation</b>						
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	79.10%	4.7%	83.8%	0.0%	83.8%
4.2	Credibility Adjustment	Non-Credible	Non-Credible	Non-Credible		Non-Credible
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	N/A	N/A	N/A	0.0%	N/A
<b>5. Remittance Calculation</b>						
5.1	Is Plan Membership Above the Minimum Credibility Value?	No		No		No
5.2	MLR Standard	85.00%		85.0%		85.0%
5.3	Adjusted MLR Prior to Risk Corridor Cost Settlement	N/A		N/A		N/A
5.4	Risk Corridor Cost Settlement Due to Department				\$ -	\$ -
5.5	Adjusted MLR					N/A
5.6	Meets MLR Standard	Yes		Yes		Yes



**HEALTHY U BEHAVIORAL  
ADJUSTED MEDICAL LOSS RATIO  
EXPANSION POPULATION**

**Adjusted Substance Abuse Medical Loss Ratio for the Six-Month Period Ended June 30, 2020 Paid Through September 30, 2020**

Adjusted Substance Abuse Medical Loss Ratio for the Six-Month Period Ended June 30, 2020 Paid Through September 30, 2020 Expansion Population						
Line #	Line Description	Reported Amounts	Adjustment Amounts	Preliminary Adjusted Amounts	Risk Corridor Cost Settlement Amount	Adjusted Amounts
<b>1. Numerator</b>						
1.1	Incurring Claims	\$ 43,273	\$ 2,254	\$ 45,527		\$ 45,527
1.2	Quality Improvement	\$ 963	\$ 1,928	\$ 2,891		\$ 2,891
1.3	Total Numerator [Incurring Claims + Quality Improvement]	\$ 44,236	\$ 4,182	\$ 48,418		\$ 48,418
<b>2. Denominator</b>						
2.1	Premium Revenue	\$ 28,866	\$ -	\$ 28,866	\$ 24,341	\$ 53,207
2.2	Taxes and Fees	\$ -	\$ -	\$ -		\$ -
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 28,866	\$ -	\$ 28,866	\$ 24,341	\$ 53,207
<b>3. Credibility Adjustment</b>						
3.1	Member Months	1,556	-	1,556		\$ 1,556
3.1a	Annualized Member Months	3,112	-	3,112		\$ 3,112
3.2	Credibility	Non-Credible		Non-Credible		Non-Credible
3.3	Credibility Adjustment	Non-Credible	Non-Credible	Non-Credible		Non-Credible
<b>4. MLR Calculation</b>						
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	153.20%	14.5%	167.7%	-76.7%	91.0%
4.2	Credibility Adjustment	Non-Credible	Non-Credible	Non-Credible		Non-Credible
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	N/A	N/A	N/A	-76.7%	N/A
<b>5. Remittance Calculation</b>						
5.1	Is Plan Membership Above the Minimum Credibility Value?	No		No		No
5.2	MLR Standard	85.00%		85.0%		85.0%
5.3	Adjusted MLR Prior to Risk Corridor Cost Settlement	N/A		N/A		N/A
5.4	Risk Corridor Cost Settlement Due to Health Plan				\$ 24,341	\$ 24,341
5.5	Adjusted MLR					N/A
5.6	Meets MLR Standard	Yes		Yes		Yes



## Schedule of Reporting Caveats

During our examination, the following reporting issues were identified.

### **Caveat #1 – MLR reporting period does not align with the rating period**

The Utah Department of Health and Human Services had an 18-month rating period of January 1, 2020 through June 30, 2021. The MLR Report was developed by the Utah Department of Health and Human Services to capture data for the MLR reporting period of January 1, 2020 through June 30, 2020. Per 42 CFR § 438.8, the MLR reporting year should be a period of 12 months consistent with the rating period selected by the state. For purposes of this engagement, the six-month MLR reporting period was examined.



## Mental Health Schedule of Adjustments and Comments for the Six-Month Period Ended June 30, 2020

During our examination, we identified the following adjustments.

### **Adjustment #1 – To adjust IBNR per supporting documentation.**

The health plan reported Incurred But Not Reported (IBNR) expenses that were based on a higher paid claims amount than what was reported as incurred claims cost on the MLR Report. The health plan submitted new documentation to support the correction to the IBNR calculation. An adjustment was proposed to increase IBNR based on the corrected paid claims amount. The medical expense and IBNR reporting 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	\$4,018

### **Adjustment #2 – To adjust the allocation metric and remove non-qualifying HCQI expenses.**

The health plan reported health care quality improvement (HCQI) expenses utilizing an allocation of parent company salaries determined by percentage of claims volume. Based on supporting documentation, time spent was also tracked and recorded by employee for the amount of time allotted between lines of business. This was determined to be a more appropriate metric to allocate salaries and was utilized to recalculate the allocation of parent company HCQI salaries. The health plan however, did not track time spent between non-expansion and expansion populations. Therefore, after discussions with the health plan, membership was utilized to isolate the expansion population portion of time spent, with an additional allocation based on claims count to appropriately segregate the mental health and substance abuse programs. Additionally, an adjustment was proposed to remove non-qualifying salaries and benefits from HCQI expenses. Job functions were reviewed and discussed with the health plan to arrive at final HCQI allocation percentage determinations. 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	\$33



## Substance Abuse Schedule of Adjustments and Comments for the Six-Month Period Ended June 30, 2020

During our examination, we identified the following adjustments.

### **Adjustment #1 – To adjust IBNR per supporting documentation.**

The health plan reported Incurred But Not Reported (IBNR) expenses that were based on a higher paid claims amount than what was reported as incurred claims cost on the MLR Report. The health plan submitted new documentation to support the correction to the IBNR calculation. An adjustment was proposed to increase IBNR based on the corrected paid claims amount. The medical expense and IBNR reporting 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	\$2,254

### **Adjustment #2 – To adjust the allocation metric and remove non-qualifying HCQI expenses.**

The health plan reported health care quality improvement (HCQI) expenses utilizing an allocation of parent company salaries determined by percentage of claims volume. Based on supporting documentation, time spent was also tracked and recorded by employee for the amount of time allotted between lines of business. This was determined to be a more appropriate metric to allocate salaries and was utilized to recalculate the allocation of parent company HCQI salaries. The health plan however, did not track time spent between non-expansion and expansion populations. Therefore, after discussions with the health plan, membership was utilized to isolate the expansion population portion of time spent, with an additional allocation based on claims count to appropriately segregate the mental health and substance abuse programs. Additionally, an adjustment was proposed to remove non-qualifying salaries and benefits from HCQI expenses. Job functions were reviewed and discussed with the health plan to arrive at final HCQI allocation percentage determinations. 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	\$1,928