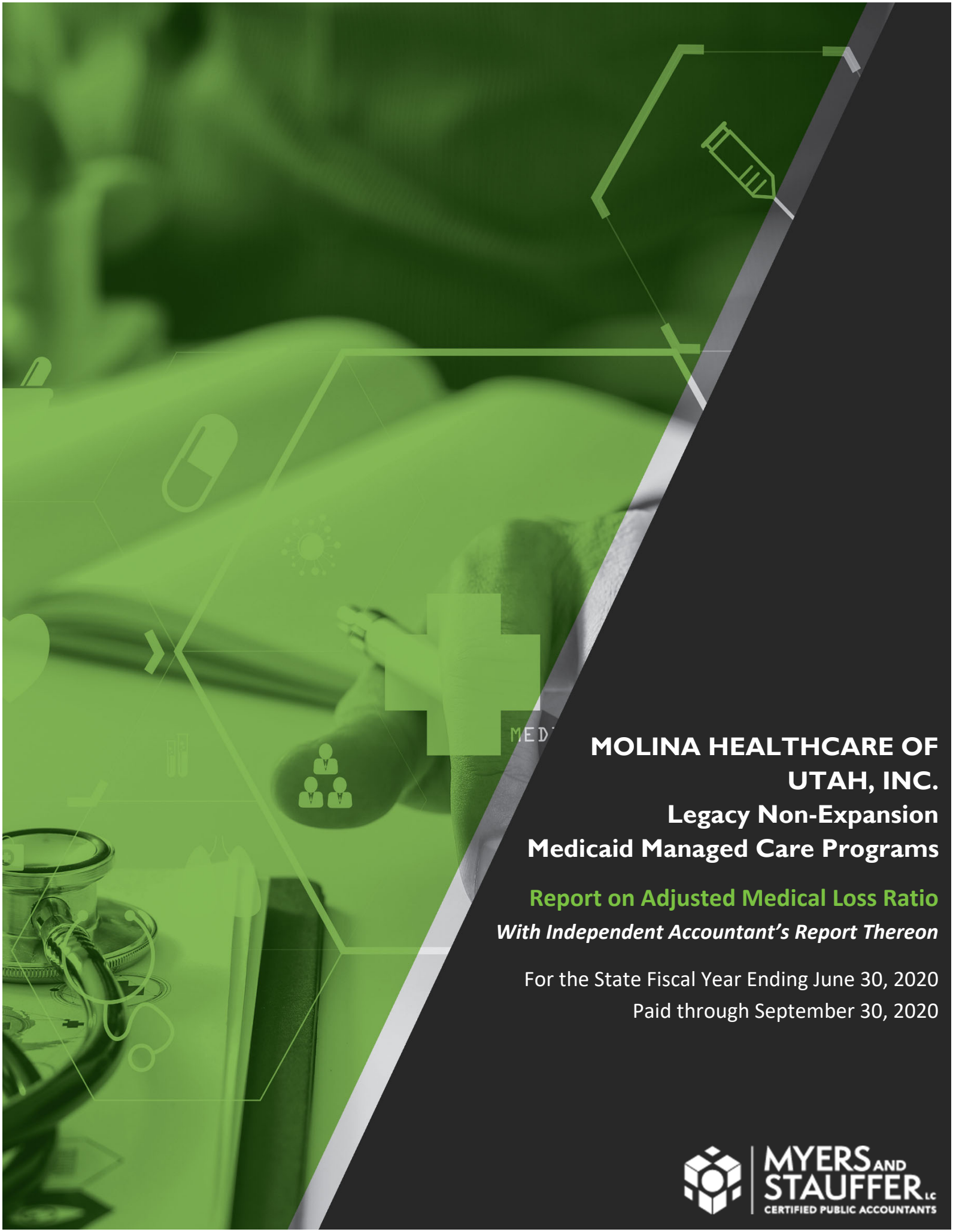

MOLINA HEALTHCARE OF UTAH, INC.
Legacy Non-Expansion Medicaid Managed Care Programs

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

Table of Contents

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

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 Molina Healthcare of Utah, Inc.'s (Molina) Accountable Care Organization for the state fiscal year ending June 30, 2020. Molina'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 is equal to 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 Utah Department of Health and Human Services, Milliman, and Molina and is not intended to be and should not be used by anyone other than these specified parties.

Myers and Stauffer LC

Myers and Stauffer LC
Kansas City, Missouri
October 18, 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	$ 127,998,576	$ 30,435,461	$ 158,434,037
1.2	Quality Improvement	$ 2,592,761	$ (343,974)	$ 2,248,787
1.3	Total Numerator [Incurred Claims + Quality Improvement]	$ 130,591,337	$ 30,091,487	$ 160,682,824
2. Denominator				
2.1	Premium Revenue	$ 160,461,864	$ 33,978,810	$ 194,440,674
2.2	Taxes and Fees	$ 4,340,479	$ 1,063,324	$ 5,403,803
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	$ 156,121,385	$ 32,915,486	$ 189,036,871
3. Credibility Adjustment				
3.1	Member Months	651,605	-	651,605
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]	83.65%	1.4%	85.0%
4.2	Credibility Adjustment	0.00%	0.0%	0.0%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	83.65%	1.4%	85.0%
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	83.65%		85.0%
5.4	Meets MLR Standard	No		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 adjust provider incentive payments to supporting documentation

The health plan included total incentives paid, or expected to be paid, to network providers on the MLR Report. Based on supporting documentation, it was determined the amount reported was understated. An adjustment was proposed to include the supported provider incentive payments. The medical expense 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	$34,692

Adjustment #2 – To adjust income taxes based on audited financial statement information

The health plan reported income taxes that included amounts for investment income. Per regulations, investments should be excluded from the taxes reported for MLR purposes. Additionally, the change in deferred tax assets noted in the audited financial statements was not captured in the reporting of the taxes. A revised calculation was provided by the health plan to include all pertinent items and was determined to be lower than the MLR Report. Therefore, an adjustment was proposed to decrease taxes to the appropriate amounts per the revised calculation The tax requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3) and Centers for Medicare & Medicaid Services Medical Loss Ratio Annual Reporting Form Filing Instructions.

Proposed Adjustment		
Line #	**Line Description**	**Amount**
2.2	Taxes and Fees	($519,176)

Adjustment #3 – To adjust third party vendors to incurred claims cost

The health plan reported vision services as a per-member-per-month (PMPM) on the MLR Report. Based on the supporting certification statement attesting to incurred medical expense from the vision vendor, VSP, it was determined non-claims cost was included in medical expenses. An

adjustment was proposed to reduce vision services expense to incurred paid claims based on the certification statement. The medical expense and third party reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2)(v).

Proposed Adjustment		
Line #	**Line Description**	**Amount**
1.1	Incurred Claims	($292,185)

Adjustment #4 – To adjust pharmacy paid claims to supporting documentation

The health plan included pharmacy incurred claims on the MLR Report that did not reconcile to supporting documentation. Based on paid claims detail, it was determined the amount reported was understated. Pharmacy paid claims were tested and determined to be appropriate. An adjustment was proposed to include the supported amount based on paid claims detail. The medical expense 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	$260,297

Adjustment #5 – To adjust premium 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 was proposed to report the revenues per state data for capitation payments, Health Insurer Fee (HIF) payments, and maternity 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	$3,546,153

Adjustment #6 – To adjust premium revenue and incurred claims to include 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 Utah Department of Health and Human Services, 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	$30,432,657
2.1	Premium Revenue	$30,432,657

Adjustment #7 – To adjust HIF expense per state data

The health plan did not report the HIF expense for the MLR reporting period. The associated HIF revenues were included within Adjustment #5 and adjusted per 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 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	$1,582,500

Adjustment #8 – To remove non-qualifying HCQI expenses and adjust population allocation

The health plan included heath care quality improvement (HCQI) expenses on the MLR Report. Based on supporting documentation, it was determined HCQI expenses included certain non-qualifying positions and/or duties. Additionally, subsequent to the submission of the MLR, the health plan updated its HCQI methodology, which re-allocated the expenses between populations. Therefore, an adjustment was proposed to remove the non-qualifying salaries and benefits from

HCQI expenses and appropriately allocate between populations. 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	($343,974)