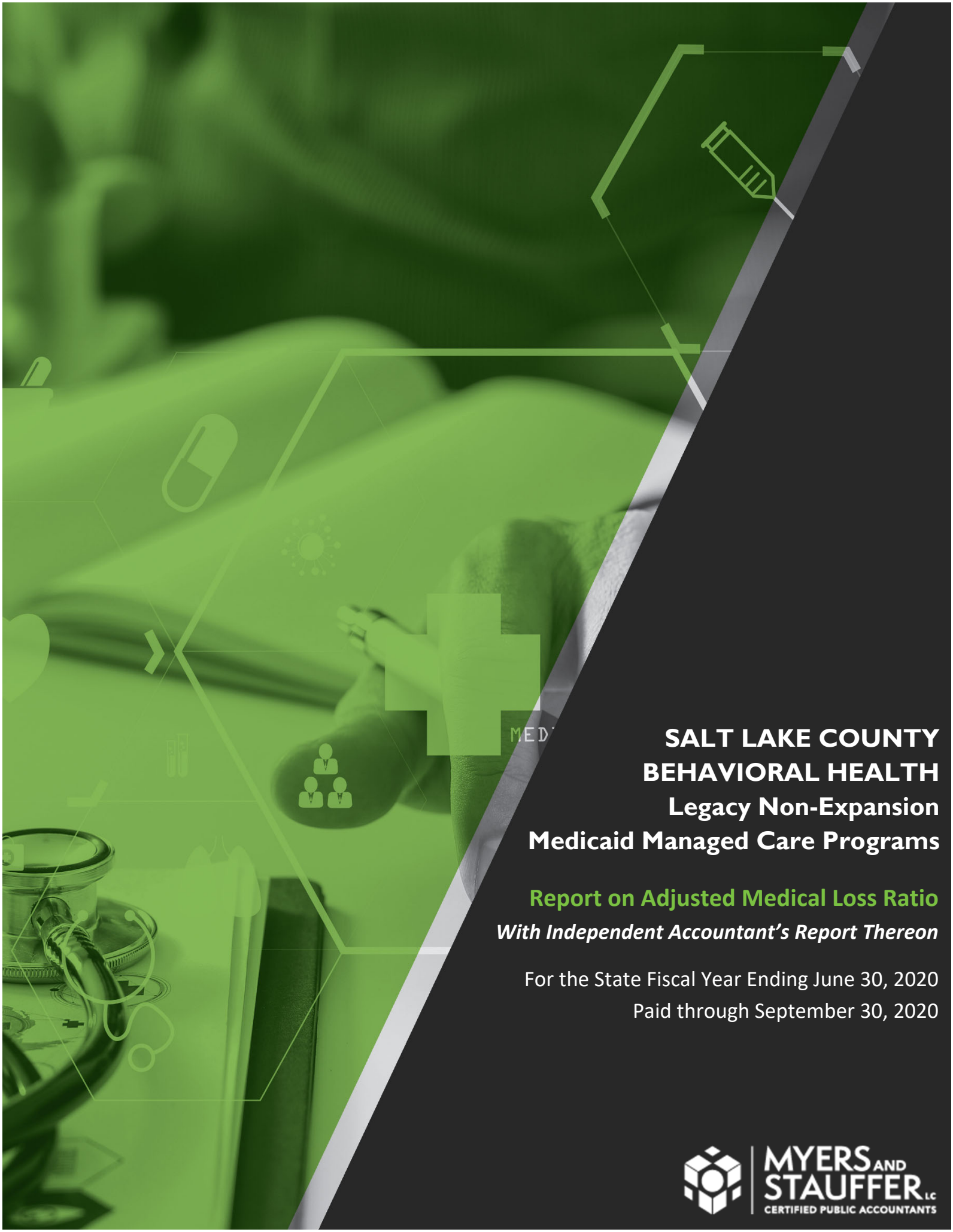

SALT LAKE COUNTY BEHAVIORAL HEALTH
Legacy Non-Expansion Medicaid Managed Care Programs

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 LC
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 Salt Lake County Behavioral Health's (Salt Lake County) Prepaid Mental Health Plan for the state fiscal year ending June 30, 2020. Salt Lake County'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 both the Mental Health and Substance Abuse populations do not exceed 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 Salt Lake County 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
August 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	$ 48,311,998	$ (1,762,351)	$ 46,549,647
1.2	Quality Improvement	$ 1,413,765	$ 497,602	$ 1,911,367
1.3	Total Numerator [Incurred Claims + Quality Improvement]	$ 49,725,763	$ (1,264,749)	$ 48,461,014
2. Denominator				
2.1	Premium Revenue	$ 64,315,308	$ 331,766	$ 64,647,074
2.2	Taxes and Fees	$ 1,703,794	$ (679,529)	$ 1,024,265
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	$ 62,611,513	$ 1,028,311	$ 63,622,808
3. Credibility Adjustment				
3.1	Member Months	1,121,907	-	1,121,907
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]	79.42%	-3.2%	76.2%
4.2	Credibility Adjustment	0.00%	0.0%	0.0%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	79.42%	-3.2%	76.2%
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	79.42%		76.2%
5.4	Meets MLR Standard	No		No

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

Adjusted Substance Abuse 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	$ 4,707,372	$ -	$ 4,707,372
1.2	Quality Improvement	$ 185,469	$ 64,944	$ 250,413
1.3	Total Numerator [Incurred Claims + Quality Improvement]	$ 4,892,841	$ 64,944	$ 4,957,785
2. Denominator				
2.1	Premium Revenue	$ 8,437,409	$ -	$ 8,437,409
2.2	Taxes and Fees	$ 241,554	$ (107,873)	$ 133,681
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	$ 8,195,855	$ 107,873	$ 8,303,728
3. Credibility Adjustment				
3.1	Member Months	1,106,794	-	1,106,794
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]	59.70%	0.0%	59.7%
4.2	Credibility Adjustment*	0.00%	0.0%	0.0%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	59.70%	0.0%	59.7%
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	59.70%		59.7%
5.4	Meets MLR Standard	No		No

**Note 1: The Credibility Adjustment formula as-submited template referenced Mental Health member months in the calculation of the Substance Abuse credibility adjustment. The Substance Abuse Credibility Adjustment formula was updated to reference Substance Abuse member months.*

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 remove non-allowable expenses included in IBNR

The health plan reported incurred but not reported (IBNR) expense related to COVID relief payments for Valley Behavioral Health (VBH). After testing was completed, it was determined a portion of the payments applied to incurred claims costs for VBH encounters received by the health plan after the runout period. An adjustment was proposed to remove the remaining payments related to VBH COVID relief as the payments do not qualify as incurred claims costs. The 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	($193,908)

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 and Human Services (UDHHS). After discussions with the UDHHS, 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. Additionally, an adjustment was made to calculate allowable taxes based on adjusted taxable income rather than marginal income and to include the change in deferred income tax. 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	($679,529)

Adjustment #3 – To remove non-allowable HCQI expenses

The health plan included in Health Care Quality Improvement/Health Information Technology (HCQI/HIT) expense that did not meet the definition of HCQI/HIT expenses. During testing, it was noted that the HCQI allocation included indirect overhead, which is does not qualify as HCQI expense. Therefore, an adjustment was proposed to remove the non-qualifying amounts. The HCQI/HIT reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(3), 45 CFR § 158.150, and 45 CFR § 158.151.

Proposed Adjustment		
Line #	**Line Description**	**Amount**
1.2	Quality Improvement	($161,659)

Adjustment #4 – To adjust revenues to the state data

The health plan reported revenue amounts that did not reflect payments received for its members applicable to the covered dates of service for the reporting period. The revenues were adjusted to 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	$331,766

Adjustment #5 – To reclassify vendor expenses that are not considered incurred claims and remove the non-Medicaid portion of the expense

The health plan included several different programs provided by University Neuropsychiatric Institute (UNI) as incurred claims. During testing, two of the programs offered were noted to be HCQI. The Hotline service and Warm Line were reclassified to Quality Improvement and allocated between Mental Health and Substance Abuse as they are not Mental Health specific. Additionally, the health plan included costs related to non-Medicaid services in incurred claims. The Receiving Center and Mobile Crisis Team were noted to be included at the full expense paid per the contract,

rather than the portion related to Medicaid. A reduction was made to the expense amounts claimed based on the Medicaid utilization. The adjustments were proposed utilizing the supporting documentation provided by Optum Health and Salt Lake County. The medical expense reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2). The HCQI reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(3) and 45 CFR § 158.150.

Proposed Adjustment		
Line #	**Line Description**	**Amount**
1.1	Incurred Claims	($1,143,443)
1.2	Quality Improvement	$659,261

Adjustment #6 – To remove VBH expenses that are not considered incurred claims

The health plan included Valley Behavioral Health (VBH) salary expenses related to Behavioral Health Outreach and Mental Health Court. Based on the additional explanations provided by Optum for activities performed by the salaried personnel claimed, the positions do not qualify as medical expenses. Noted activities performed included helping individuals enroll in Medicaid, attending weekly court hearings, transporting clients from jail to hearings, etc. An adjustment was proposed to remove the non-allowable cost per supporting documentation. 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	($370,000)

Adjustment #7 – To remove VOA expenses that are not considered incurred claims

The health plan included start-up funds related to Volunteers of America (VOA) that was intended to covering staffing cost and other expenses. In 2020, the program was encountered for medical services and would therefore, be included as medical expense in incurred claims. The portion reported in non-coded medical expenses for start-up would be considered non-claims cost as these expenses would be administrative in nature for Optum. An adjustment was proposed to remove non-allowable cost per supporting documentation. 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	($55,000)

Substance Abuse 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 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 and Human Services (UDHHS). After discussions with the UDHHS, 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. Additionally, an adjustment was made to calculate allowable taxes based on adjusted taxable income rather than marginal income and to include the change in deferred income tax. 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	($107,873)

Adjustment #2 – To remove non-allowable HCQI expenses

The health plan included in Health Care Quality Improvement/Health Information Technology (HCQI/HIT) expense that did not meet the definition of HCQI/HIT expenses. During testing, it was noted that the HCQI allocation included indirect overhead, which is does not qualify as HCQI expense. Therefore, an adjustment was proposed to remove the non-qualifying amounts. The HCQI/HIT reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(3), 45 CFR § 158.150, and 45 CFR § 158.151.

Proposed Adjustment		
Line #	**Line Description**	**Amount**
1.2	Quality Improvement	($21,099)

Adjustment #3 – To reclassify vendor expenses that are not considered incurred claims

The health plan included several different programs provided by University Neuropsychiatric Institute (UNI) as incurred claims. During testing, two of the programs offered were noted to be HCQI. The Hotline service and Warm Line were reclassified to Quality Improvement expense and allocated between Mental Health and Substance Abuse as they are not Mental Health specific. The medical expense reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2). The HCQI reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(3) and 45 CFR § 158.150.

Proposed Adjustment		
Line #	**Line Description**	**Amount**
1.2	Quality Improvement	$86,043