

The background features a blurred image of a person's face and hands, overlaid with a green geometric pattern of lines and hexagons. Various medical icons are scattered throughout, including a syringe, a pill, a stethoscope, a microscope, a group of people, and a virus particle. A large, semi-transparent green cross is centered over the person's face. The text is positioned on a dark grey diagonal band on the right side of the page.

**CENTRAL UTAH
COUNSELING CENTER**
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**_{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 Central Utah Counseling Center Prepaid Mental Health Plan for the six-month period ended June 30, 2020. Central Utah Counseling Center'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, 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, and the Adjusted Medical Loss Ratio for the Mental Health and Substance Abuse populations exceeds the Centers for Medicare & Medicaid Services (CMS) requirement 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 Central Utah Counseling Center 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 11, 2022



CENTRAL UTAH COUNSELING CENTER
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
1. Numerator						
1.1	Incurred Claims	\$ 512,987	\$ (77,095)	\$ 435,892		\$ 435,892
1.2	Quality Improvement	\$ 4,031	\$ 5,001	\$ 9,032		\$ 9,032
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ 517,018	\$ (72,094)	\$ 444,924		\$ 444,924
2. Denominator						
2.1	Premium Revenue	\$ 377,527	\$ -	\$ 377,527	\$ 138,169	\$ 515,696
2.2	Taxes and Fees	\$ 11,326	\$ (11,326)	\$ -		\$ -
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 366,202	\$ 11,326	\$ 377,527	\$ 138,169	\$ 515,696
3. Credibility Adjustment						
3.1	Member Months	9,446	-	9,446		\$ 9,446
3.1a	Annualized Member Months	18,892	-	18,892		\$ 18,892
3.2	Credibility	Partially Credible		Partially Credible		Partially Credible
3.3	Credibility Adjustment	2.45%	2.3%	4.7%		4.7%
4. MLR Calculation						
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	141.18%	-23.3%	117.9%	-31.6%	86.3%
4.2	Credibility Adjustment	2.45%	2.3%	4.7%		4.7%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	143.63%	-21.0%	122.6%	-31.6%	91.0%
5. Remittance Calculation						
5.1	Is Plan Membership Above the Minimum Credibility Value?	Yes		Yes		Yes
5.2	MLR Standard	85.00%		85.0%		85.0%
5.3	Adjusted MLR Prior to Risk Corridor Cost Settlement	143.63%		122.6%		122.6%
5.4	Risk Corridor Cost Settlement Due to Health Plan				\$ 138,169	\$ 138,169
5.5	Adjusted MLR					91.0%
5.6	Meets MLR Standard	Yes		Yes		Yes



CENTRAL UTAH COUNSELING CENTER
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
1. Numerator						
1.1	Incurred Claims	\$ 200,798	\$ (17,101)	\$ 183,697		\$ 183,697
1.2	Quality Improvement	\$ 1,234	\$ 4,331	\$ 5,565		\$ 5,565
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ 202,032	\$ (12,770)	\$ 189,262		\$ 189,262
2. Denominator						
2.1	Premium Revenue	\$ 157,200	\$ -	\$ 157,200	\$ 62,167	\$ 219,367
2.2	Taxes and Fees	\$ 4,716	\$ (4,716)	\$ -		\$ -
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 152,484	\$ 4,716	\$ 157,200	\$ 62,167	\$ 219,367
3. Credibility Adjustment						
3.1	Member Months	9,446	-	9,446		\$ 9,446
3.1a	Annualized Member Months	18,892	-	18,892		\$ 18,892
3.2	Credibility	Partially Credible		Partially Credible		Partially Credible
3.3	Credibility Adjustment	2.45%	2.3%	4.7%		4.7%
4. MLR Calculation						
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	132.49%	-12.1%	120.4%	-34.1%	86.3%
4.2	Credibility Adjustment	2.45%	2.3%	4.7%		4.7%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	134.94%	-9.8%	125.1%	-34.1%	91.0%
5. Remittance Calculation						
5.1	Is Plan Membership Above the Minimum Credibility Value?	Yes		Yes		Yes
5.2	MLR Standard	85.00%		85.0%		85.0%
5.3	Adjusted MLR Prior to Risk Corridor Cost Settlement	134.94%		125.1%		125.1%
5.4	Risk Corridor Cost Settlement Due to Health Plan				\$ 62,167	\$ 62,167
5.5	Adjusted MLR					91.0%
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 incurred claims cost based on adjustments made to the PMHP financial 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:

- To reclassify non-allowable pass-through expense to non-covered costs on Schedule 5.
- To re-categorize cost without associated units to allow the cost to be allocated through cost center allocation rather than being assigned to a CPT code without units on Schedule 5.
- To adjust units reported on Schedule 4 based on minutes-to-units recalculation.
- To reconcile third party liability collections to support provided by the health plan.
- To adjust hours on Schedule 6 to agree with support provided by the health plan.
- To exclude non-cash portion of post-employment health benefits.
- To eliminate duplicate employee direct hours on Schedule 6 from two tracking systems used by the health plan.
- To correct employee compensation on Schedule 6.
- To reclassify healthcare quality improvement and health plan administrative non-claims cost on Schedule 6.
- To correctly classify TPL amounts on Schedule 2BMH.

These adjustments to the PMHP report impact the incurred claims cost reported on the MLR. The incurred claims 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	\$(77,095)

Adjustment #2 – To adjust health care quality improvement expenses reported as 0.8 percent of premium revenues.

The health plan reported health care quality improvement (HCQI) expenses utilizing 0.8% of premium revenues instead of actual cost. This election of reporting HCQI expenses was outlined in 45 CFR § 158.221 for the calculation of the MLR under the Affordable Care Act, but was not



SCHEDULE OF ADJUSTMENTS AND COMMENTS

referenced in the calculation of the MLR per 42 CFR § 483.8 of the Medicaid Managed Care Final Rule. Actual HCQI costs were requested to support the expenses based on the health plans records. An adjustment was proposed to report the HCQI expenses at actual cost on 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	\$5,001

Adjustment #3 – To remove non-qualifying 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. 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	\$(11,326)

Adjustment #4 – To correct a formula error on the as-submitted medical loss ratio template regarding the calculation of the expansion population credibility adjustment.

The UDHHS MLR Report contains a formula error in the calculation of the credibility adjustment for the expansion populations. The formula is referencing member months for the legacy population instead of annualized member months for the expansion population. An adjustment was proposed to update the report formula to correctly reference expansion population member months on the MLR Report. The credibility adjustment reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(h) and the Medical Loss Ratio Credibility Adjustment CMCS Informational Bulletin dated July 31, 2017.



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed Adjustment		
Line #	Line Description	Amount
3.3	Credibility Adjustment	2.3%



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

During our examination, we identified the following adjustments.

Adjustment #1 – 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:

- To reclassify non-allowable pass-through expense to non-covered costs on Schedule 5.
- To re-categorize cost without associated units to allow the cost to be allocated through cost center allocation rather than being assigned to a CPT code without units on Schedule 5.
- To adjust units reported on Schedule 4 based on minutes-to-units recalculation.
- To reconcile third party liability collections to support provided by the health plan.
- To adjust hours on Schedule 6 to agree with support provided by the health plan.
- To exclude non-cash portion of post-employment health benefits.
- To eliminate duplicate employee direct hours on Schedule 6 from two tracking systems used by the health plan.
- To correct employee compensation on Schedule 6.
- To reclassify healthcare quality improvement and health plan administrative non-claims cost on Schedule 6.

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	\$(17,101)

Adjustment #2 – To adjust health care quality improvement expenses reported as 0.8 percent of premium revenues.

The health plan reported health care quality improvement (HCQI) expenses utilizing 0.8% of premium revenues instead of actual cost. This election of reporting HCQI expenses was outlined in 45 CFR § 158.221 for the calculation of the MLR under the Affordable Care Act, but was not referenced in the calculation of the MLR per 42 CFR § 483.8 of the Medicaid Managed Care Final Rule. Actual HCQI costs were requested to support the expenses based on the health plans records.



An adjustment was proposed to report the HCQI expenses at actual cost on 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	\$4,331

Adjustment #3 – To remove non-qualifying 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. 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	\$(4,716)

Adjustment #4 – To correct a formula error on the as-submitted medical loss ratio template regarding the calculation of the expansion population credibility adjustment.

The UDHHS MLR Report contains a formula error in the calculation of the credibility adjustment for the expansion populations. The formula is referencing member months for the legacy population instead of annualized member months for the expansion population. An adjustment was proposed to update the report formula to correctly reference expansion population member months on the MLR Report. The credibility adjustment reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(h) and the Medical Loss Ratio Credibility Adjustment CMCS Informational Bulletin dated July 31, 2017.

Proposed Adjustment		
Line #	Line Description	Amount
3.3	Credibility Adjustment	2.3%