

The background features a blurred image of a person lying in a hospital bed, overlaid with a green geometric pattern of lines and various medical icons such as a syringe, a pill, a virus, 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 band containing the title and other text.

DAVIS BEHAVIORAL HEALTH
Legacy Population
Medicaid Managed Care Programs

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

For the State Fiscal Year Ended June 30, 2021
Paid through September 30, 2021



**MYERS AND
STAUFFER**_{LC}
CERTIFIED PUBLIC ACCOUNTANTS



Table of Contents

- Table of Contents.....1
- Independent Accountant’s Report.....2
- Mental Health Legacy Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021
Paid Through September 30, 2021.....3
- Substance Abuse Legacy Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30,
2021 Paid Through September 30, 2021.....4
- Schedule of Adjustments and Comments for the State Fiscal Year Ended
June 30, 2021.....5



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

Independent Accountant's Report

We have examined the Medical Loss Ratio Report of Davis Behavioral Health (health plan) Prepaid Mental Health Plan for the state fiscal year ended June 30, 2021. The health plan's management is responsible for presenting information contained in the Medical Loss Ratio 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 Ratios. Our responsibility is to express an opinion on the Adjusted Medical Loss Ratios 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 Ratios are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Adjusted Medical Loss Ratios. 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 Ratios, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to our engagement.

The accompanying Adjusted Medical Loss Ratios were prepared from information contained in the Medical Loss Ratio Report for the purpose of complying with the criteria, and are not intended to be a complete presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Adjusted Medical Loss Ratios are presented in accordance with the criteria, in all material respects, and the Adjusted Medical Loss Ratios for the mental health and substance abuse legacy populations meet or exceed the Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) for the state fiscal year ended June 30, 2021.

This report is intended solely for the information and use of the Utah Department of Health and Human Services, Milliman, and the health plan 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
August 16, 2023



DAVIS BEHAVIORAL HEALTH
ADJUSTED MEDICAL LOSS RATIO
LEGACY POPULATION

Adjusted Mental Health Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through September 30, 2021

Adjusted Mental Health Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through September 30, 2021 Legacy Population				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
1. Numerator				
1.1	Incurred Claims	\$ 12,699,607	\$ (717,396)	\$ 11,982,211
1.2	Quality Improvement	\$ 66,780	\$ (46,367)	\$ 20,414
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ 12,766,388	\$ (763,763)	\$ 12,002,625
2. Denominator				
2.1	Premium Revenue	\$ 14,057,678	\$ -	\$ 14,057,678
2.2	Taxes and Fees	\$ 404,802	\$ (117,833)	\$ 286,969
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 13,652,875	\$ 117,833	\$ 13,770,709
3. Credibility Adjustment				
3.1	Member Months	294,303	-	294,303
3.2	Credibility	Partially Credible		Partially Credible
3.3	Credibility Adjustment	1.20%	0.0%	1.2%
4. MLR Calculation				
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	93.50%	-6.3%	87.2%
4.2	Credibility Adjustment	1.20%	0.0%	1.2%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	94.70%	-6.3%	88.4%
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			88.4%
5.4	Meets MLR Standard	Yes		Yes

Note: The Reported Amounts within MLR calculations on lines 1.3 and 2.3 contain variances due to rounding.



DAVIS BEHAVIORAL HEALTH
ADJUSTED MEDICAL LOSS RATIO
LEGACY POPULATION

Adjusted Substance Abuse Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through September 30, 2021

Adjusted Substance Abuse Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through September 30, 2021 Legacy Population				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
1. Numerator				
1.1	Incurred Claims	\$ 846,243	\$ (13,340)	\$ 832,904
1.2	Quality Improvement	\$ 5,026	\$ (3,692)	\$ 1,334
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ 851,270	\$ (17,032)	\$ 834,238
2. Denominator				
2.1	Premium Revenue	\$ 918,594	\$ -	\$ 918,594
2.2	Taxes and Fees	\$ 50,857	\$ (19,540)	\$ 31,317
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 867,737	\$ 19,540	\$ 887,277
3. Credibility Adjustment				
3.1	Member Months	287,926	-	287,926
3.2	Credibility	Partially Credible		Partially Credible
3.3	Credibility Adjustment	1.20%	0.0%	1.2%
4. MLR Calculation				
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	98.10%	-4.1%	94.0%
4.2	Credibility Adjustment	1.20%	0.0%	1.2%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	99.30%	-4.1%	95.2%
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			95.2%
5.4	Meets MLR Standard	Yes		Yes

Note: The Reported Amount within MLR calculation on line 1.3 contains a variance due to rounding.



Schedule of Adjustments and Comments for the State Fiscal Year Ended June 30, 2021

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 report client transportation and interpretive services as non-coded, and include units on Schedules 3MH and 4.
- To correct and include missing direct hours for employees on Schedule 6.
- To include missing employee on Schedule 6.
- To remove days outside the cost report period from reported Medicaid days on Schedule 3MH.
- To remove Medicaid days and cost outside the cost report period from Schedule 4A.
- To remove total days and cost outside the cost report period from Schedule 4A.
- To report reconciling items on Schedule 4.
- To reconcile reclassifications and revenue offsets on Schedule 5 to supporting documentation.
- To adjust Schedules 2BMH and 2BSA to reconcile to revised TPL supporting documentation.

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 Adjustments			
		Legacy	
Line #	Line Description	Mental Health Amount	Substance Abuse Amount
1.1	Incurred Claims	(\$717,396)	(\$13,340)

Adjustment #2 – To adjust HCQI expense based on supporting documentation.

The health plan reported health care quality improvement (HCQI) expenses based on costs of activities performed by specific staff members. Based on the descriptions of the activities included in the health plan's support for HCQI costs, some of the claimed HCQI costs were found to be non-



SCHEDULE OF ADJUSTMENTS AND COMMENTS

qualifying as the activities did not meet the requirements outlined in the regulation. Additionally, the full amount of HCQI cost is included as Medicaid cost on the MLR Report. An adjustment was proposed to remove non-qualifying HCQI expenses, and to remove the non-Medicaid share of the HCQI expenses. The HCQI reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(3).

Proposed Adjustments			
			Legacy
Line #	Line Description	Mental Health Amount	Substance Abuse Amount
1.2	Quality Improvement	(\$46,367)	(\$3,692)

Adjustment #3 – To net allowable CBE expenses against revenue.

The health plan reported community benefit expenditures (CBE) related to the costs incurred net of revenues received for housing, meals, room and board at the crisis unit, and costs from the mindfulness center. Based on the supporting documentation, the health plan did not net the mindfulness center program revenues against CBE costs for the program. Additionally, all reported CBE costs were reported as Medicaid costs on the MLR Report. An adjustment was proposed to reflect the net qualifying CBE expense and to remove the non-Medicaid share of the remaining allowable CBE expense from the MLR Report. 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 Adjustments			
			Legacy
Line #	Line Description	Mental Health Amount	Substance Abuse Amount
2.2	Taxes and Fees	(\$117,833)	(\$19,540)