

The background features a blurred image of a person in a white lab coat, possibly a doctor or nurse, with their hands clasped. Overlaid on this is a semi-transparent green geometric pattern consisting of various shapes like hexagons, lines, and icons. These icons include a syringe, a pill, a virus, a stethoscope, a group of people, and a cross. The right side of the page is a dark grey diagonal band containing the title and other text.

**HEALTHY U BEHAVIORAL
Expansion & Non-Expansion
Populations
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



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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 Medical Loss Ratio Report of Healthy U Behavioral (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 (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 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 expansion 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; however, the Adjusted Medical Loss Ratio for mental health and substance abuse legacy does not meet the requirement 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
October 24, 2022



**HEALTHY U BEHAVIORAL
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	\$ 455,034	\$ (1,809)	\$ 453,226
1.2	Quality Improvement	\$ 21,938	\$ 50,472	\$ 72,410
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ 476,972	\$ 48,663	\$ 525,636
2. Denominator				
2.1	Premium Revenue	\$ 705,927	\$ -	\$ 705,927
2.2	Taxes and Fees	\$ -	\$ -	\$ -
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 705,927	\$ -	\$ 705,927
3. Credibility Adjustment				
3.1	Member Months	17,242	-	17,242
3.2	Credibility	Partially Credible		Partially Credible
3.3	Credibility Adjustment	5.00%	0.0%	5.0%
4. MLR Calculation				
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	67.60%	6.9%	74.5%
4.2	Credibility Adjustment	5.00%	0.0%	5.0%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	72.60%	6.9%	79.5%
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			79.5%
5.4	Meets MLR Standard	No		No



**HEALTHY U BEHAVIORAL
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	\$ 6,759	\$ (321)	\$ 6,438
1.2	Quality Improvement	\$ 664	\$ 2,018	\$ 2,682
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ 7,424	\$ 1,697	\$ 9,121
2. Denominator				
2.1	Premium Revenue	\$ 56,281	\$ -	\$ 56,281
2.2	Taxes and Fees	\$ -	\$ -	\$ -
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 56,281	\$ -	\$ 56,281
3. Credibility Adjustment				
3.1	Member Months	17,244	(174)	17,070
3.2	Credibility	Partially Credible		Partially Credible
3.3	Credibility Adjustment	5.00%	0.0%	5.0%
4. MLR Calculation				
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	13.20%	3.0%	16.2%
4.2	Credibility Adjustment	5.00%	0.0%	5.0%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	18.20%	3.0%	21.2%
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			21.2%
5.4	Meets MLR Standard	No		No



**HEALTHY U BEHAVIORAL
ADJUSTED MEDICAL LOSS RATIO
EXPANSION 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 Expansion Population						
Line #	Line Description	Reported Amounts	Adjustment Amounts	Preliminary Adjusted Amounts	Risk Corridor Cost Settlement	Adjusted Amounts
1. Numerator						
1.1	Incurred Claims	\$ 324,169	\$ 15,639	\$ 339,808		\$ 339,808
1.2	Quality Improvement	\$ 9,858	\$ 26,347	\$ 36,205		\$ 36,205
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ 334,026	\$ 41,986	\$ 376,012		\$ 376,012
2. Denominator						
2.1	Premium Revenue	\$ 335,722	\$ -	\$ 335,722	\$ 118,470	\$ 454,192
2.2	Taxes and Fees	\$ -	\$ -	\$ -		\$ -
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 335,722	\$ -	\$ 335,722	\$ 118,470	\$ 454,192
3. Credibility Adjustment						
3.1	Member Months	5,857	-	5,857		5,857
3.2	Credibility	Partially Credible		Partially Credible		Partially Credible
3.3	Credibility Adjustment	8.20%	0.0%	8.2%		8.2%
4. MLR Calculation						
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	99.50%	12.5%	112.0%	-29.2%	82.8%
4.2	Credibility Adjustment	8.20%	0.0%	8.2%		8.2%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	107.70%	12.5%	120.2%	-29.2%	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	107.70%		120.2%		120.2%
5.4	Risk Corridor Cost Settlement Due to Health Plan				\$ 118,470	\$ 118,470
5.5	Adjusted MLR					91.0%
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 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 Expansion Population						
Line #	Line Description	Reported Amounts	Adjustment Amounts	Preliminary Adjusted Amounts	Risk Corridor Cost Settlement	Adjusted Amounts
1. Numerator						
1.1	Incurred Claims	\$ 70,637	\$ 8,552	\$ 79,189		\$ 79,189
1.2	Quality Improvement	\$ 6,142	\$ 16,654	\$ 22,796		\$ 22,796
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ 76,779	\$ 25,206	\$ 101,985		\$ 101,985
2. Denominator						
2.1	Premium Revenue	\$ 112,627	\$ -	\$ 112,627	\$ 10,563	\$ 123,190
2.2	Taxes and Fees	\$ -	\$ -	\$ -		\$ -
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 112,627	\$ -	\$ 112,627	\$ 10,563	\$ 123,190
3. Credibility Adjustment						
3.1	Member Months	5,857	-	5,857		5,857
3.2	Credibility	Partially Credible		Partially Credible		Partially Credible
3.3	Credibility Adjustment	8.21%	0.0%	8.2%		8.2%
4. MLR Calculation						
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	68.20%	22.4%	90.6%	-7.8%	82.8%
4.2	Credibility Adjustment	8.21%	0.0%	8.2%		8.2%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	76.41%	22.4%	98.8%	-7.8%	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	76.41%		98.8%		98.8%
5.4	Risk Corridor Cost Settlement Due to Health Plan				\$ 10,563	\$ 10,563
5.5	Adjusted MLR					91.0%
5.6	Meets MLR Standard	No		Yes		Yes



Schedule of Report Disclosures

Note #1 – MLR reporting period does not align with the rating period.

The Utah Department of Health and Human Services (UDHHS) had an 18-month rating period of January 1, 2020 through June 30, 2021 for the Expansion population. The MLR Report was developed by the UDHHS to capture data for the MLR reporting period of July 1, 2020 through June 30, 2021. 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 12-month MLR reporting period was examined.



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 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 the overall IBNR based on the corrected IBNR calculation. The medical expense and IBNR reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustments					
		Legacy		Expansion	
Line #	Line Description	Mental Health Amount	Substance Abuse Amount	Mental Health Amount	Substance Abuse Amount
1.1	Incurred Claims	(\$10,439)	(\$260)	\$26,338	\$8,525

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 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).



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed Adjustments					
Legacy				Expansion	
Line #	Line Description	Mental Health Amount	Substance Abuse Amount	Mental Health Amount	Substance Abuse Amount
1.2	Quality Improvement	\$50,472	\$2,018	\$26,347	\$16,654

Adjustment #3 – To adjust to remove COB reported twice on MLR Report.

The health plan reported coordination of benefits (COB) amounts on a separate line of the MLR Report. After further investigation by the health plan, it was determined the amounts were already included in the final paid claims. Therefore, a reduction for COB was not necessary. An adjustment was proposed to increase incurred claims cost by adding back the COB that originally reduced medical expenses in the MLR Report. The medical expense reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustments					
Legacy				Expansion	
Line #	Line Description	Mental Health Amount	Substance Abuse Amount	Mental Health Amount	Substance Abuse Amount
1.1	Incurred Claims	\$4,530	-	\$1,917	\$59

Adjustment #4 – To remove the calculated IBNR modified amount.

The health plan reported IBNR expenses that included an estimated calculation in addition to the lag table supporting documentation based on incurred claims. It was determined the IBNR modified amount claimed within the total IBNR reported was calculated based on a non-allowable reserve margin and administrative expenses. An adjustment was proposed to remove the calculated IBNR modified amount. The medical expense and IBNR reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustments					
Legacy				Expansion	
Line #	Line Description	Mental Health Amount	Substance Abuse Amount	Mental Health Amount	Substance Abuse Amount
1.1	Incurred Claims	(\$4,035)	(\$61)	(\$125)	(\$32)



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Adjustment #5 – To adjust member months per state data.

The health plan reported member month amounts that did not reflect the member months for its members, per the state data, applicable to the covered dates of service for the MLR reporting period. An adjustment was proposed to report the member months per the state data. The member months reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR §438.8(k)(1)(xiii).

Proposed Adjustments					
		Legacy		Expansion	
Line #	Line Description	Mental Health Amount	Substance Abuse Amount	Mental Health Amount	Substance Abuse Amount
3.1	Member Months	-	(174)	-	-

Adjustment #6 – To remove non-Medicaid eligible claims and reclassify claims by population.

The health plan reported incurred claims expense that included paid claims that were not Medicaid eligible for the dates of service in reporting period. Additionally, claims were reconciled to the state data and were determine to have disagreeing rate cells between the two data sources. An adjustment was proposed to remove the non-Medicaid eligible claims and reclassify claims based on rate cell to the appropriate population between Legacy and Expansion. The medical expense reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustments					
		Legacy		Expansion	
Line #	Line Description	Mental Health Amount	Substance Abuse Amount	Mental Health Amount	Substance Abuse Amount
1.1	Incurred Claims	\$8,135	-	(\$12,491)	-