



July 25, 2023

Utah Department of Health and Human Services
David Meadows, Auditor
288 North 1460 West
Salt Lake City, UT 84116

Mr. Meadows,

Enclosed is the amended independent accountant's report on the Adjusted Medical Loss Ratio (MLR) of Salt Lake County Behavioral Health Prepaid Mental Health Plan for the state fiscal year ending June 30, 2021. As you are aware, we have updated the 3-2-1 administrative fee in the MLR calculation to only be included in the Medicaid Legacy population based on information provided by the Utah Department of Health and Human Services. Additionally, the adjustment to Health Care Quality Improvement has been revised due to the health plan providing updated supporting documentation.

Please destroy all copies of the previously issued report(s) dated September 19, 2022. Please share the amended report with all parties previously receiving a copy of the original report and ask them to destroy all original report copies.

If you have any questions, do not hesitate to contact us.

Sincerely,

Myers and Stauffer LC

The background features a blurred image of a person's face and hands, overlaid with a green geometric pattern of lines and shapes. 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 the right side of the page, set against a dark grey diagonal background.

**SALT LAKE COUNTY
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 Ending 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 Salt Lake County 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 (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 Ratio for the substance abuse legacy population does not meet the Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) for the state fiscal year ended June 30, 2021; however, the mental health legacy population exceeds 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
May 16, 2023



SALT LAKE COUNTY 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	Incurring Claims	\$ 53,867,167	\$ (850,628)	\$ 53,016,539
1.2	Quality Improvement	\$ 1,476,117	\$ 556,820	\$ 2,032,937
1.3	Total Numerator [Incurring Claims + Quality Improvement]	\$ 55,343,284	\$ (293,808)	\$ 55,049,476
2. Denominator				
2.1	Premium Revenue	\$ 66,280,399	\$ 74,876	\$ 66,355,275
2.2	Taxes and Fees	\$ 1,764,147	\$ 108,931	\$ 1,873,078
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 64,516,252	\$ (34,055)	\$ 64,482,197
3. Credibility Adjustment				
3.1	Member Months	1,301,657	-	1,301,657
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]	85.80%	-0.4%	85.4%
4.2	Credibility Adjustment	0.00%	0.0%	0.0%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	85.80%	-0.4%	85.4%
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			85.4%
5.4	Meets MLR Standard	Yes		Yes



SALT LAKE COUNTY 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	Incurring Claims	\$ 4,396,396	\$ 3,470	\$ 4,399,866
1.2	Quality Improvement	\$ 137,713	\$ 51,920	\$ 189,633
1.3	Total Numerator [Incurring Claims + Quality Improvement]	\$ 4,534,109	\$ 55,390	\$ 4,589,499
2. Denominator				
2.1	Premium Revenue	\$ 6,183,553	\$ 4,363	\$ 6,187,916
2.2	Taxes and Fees	\$ 206,313	\$ 12,903	\$ 219,216
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ 5,977,240	\$ (8,540)	\$ 5,968,700
3. Credibility Adjustment				
3.1	Member Months	1,284,398	-	1,284,398
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]	75.90%	1.0%	76.9%
4.2	Credibility Adjustment	0.00%	0.0%	0.0%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	75.90%	1.0%	76.9%
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			76.9%
5.4	Meets MLR Standard	No		No



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

During our examination, we identified the following adjustments.

Adjustment #1 – To adjust IBNR to reflect actual incurred amounts.

The health plan reported incurred but not reported (IBNR) expenses that included estimated reserves for the modified fee-for-service providers utilized. During testing, the actual amount paid subsequent to the September 30, 2021 runout period for services incurred during the state fiscal year was identified. Therefore, an adjustment was proposed to increase IBNR to reflect the actual expenses incurred. The IBNR 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	\$150,810	\$3,470

Adjustment #2 – To remove VBH expenses that are not considered incurred claims.

The health plan included payments to Valley Behavioral Health (VBH) related to Behavioral Health Outreach salary expense. Based on the explanations provided by Optum for activities performed by the salaried personnel, their primary responsibility was to assist people with Medicaid enrollment. This type of expense does not qualify as incurred claims cost. An adjustment was proposed to remove the non-allowable cost per supporting documentation. 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	(\$250,000)	\$0



Adjustment #3 – 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) & VBH as incurred claims. During testing, three of the programs offered were noted to be health care quality improvement (HCQI). The Hotline service, Warm Line service, and Mental Health Court were reclassified to HCQI expense 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, Crisis Team & Mental Health Court 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. For the Mobile Crisis Outreach Team (MCOT), an adjustment was made to reflect a portion of the Salt Lake County contract cost not originally included based on the overall MCOT 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 Adjustments			
Line #	Line Description	Legacy	
		Mental Health Amount	Substance Abuse Amount
1.1	Incurred Claims	(\$751,438)	\$0
1.2	Quality Improvement	\$771,899	\$71,977

Adjustment #4 – To remove non-allowable HCQI expenses.

The health plan included in Health Care Quality Improvement/Health Information Technology (HCQI/HIT) expenses that do not meet the definition of HCQI/HIT expenses and ineligible salary expense. During testing, it was noted that the HCQI allocation included indirect overhead, which does not qualify as HCQI expense. Therefore, an adjustment was proposed to remove the non-qualifying amounts and salaried positions. 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.



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed Adjustments			
			Legacy
Line #	Line Description	Mental Health Amount	Substance Abuse Amount
1.2	Quality Improvement	(\$215,079)	(\$20,057)

Adjustment #5 – 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 Adjustments			
			Legacy
Line #	Line Description	Mental Health Amount	Substance Abuse Amount
2.1	Premium Revenues	\$74,876	\$4,363

Adjustment #6 – To adjust examination fees, state premium taxes, and local taxes and assessments.

The health plan reported an administrative fee and an adjustment was proposed to update the administrative fee to the current amounts provided by the Utah Department of Health and Human Services. 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 Adjustments			
			Legacy
Line #	Line Description	Mental Health Amount	Substance Abuse Amount
2.2	Taxes and Fees	\$108,931	\$12,903