



**WASATCH 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



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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 Wasatch 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  
September 19, 2023



**WASATCH 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
<b>1. Numerator</b>				
1.1	Incurred Claims	\$ 25,368,866	\$ (139,422)	\$ 25,229,444
1.2	Quality Improvement	\$ 145,538	\$ (124,096)	\$ 21,442
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ <b>25,514,404</b>	\$ <b>(263,518)</b>	\$ <b>25,250,886</b>
<b>2. Denominator</b>				
2.1	Premium Revenue	\$ 29,598,940	\$ (125,075)	\$ 29,473,865
2.2	Taxes and Fees	\$ 711,594	\$ (92,931)	\$ 618,663
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ <b>28,887,346</b>	\$ <b>(32,144)</b>	\$ <b>28,855,202</b>
<b>3. Credibility Adjustment</b>				
3.1	Member Months	619,908	-	619,908
3.2	Credibility	Fully Credible		Fully Credible
3.3	Credibility Adjustment	0.00%	0.0%	0.0%
<b>4. MLR Calculation</b>				
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	88.30%	-0.8%	87.5%
4.2	Credibility Adjustment	0.00%	0.0%	0.0%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	<b>88.30%</b>	<b>-0.8%</b>	<b>87.5%</b>
<b>5. Remittance Calculation</b>				
5.1	Is Plan Membership Above the Minimum Credibility Value?	Yes		Yes
5.2	MLR Standard	85.00%		85.0%
5.3	Adjusted MLR			<b>87.5%</b>
5.4	Meets MLR Standard	Yes		Yes



**WASATCH 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
<b>1. Numerator</b>				
1.1	Incurred Claims	\$ 1,853,598	\$ (4,102)	\$ 1,849,496
1.2	Quality Improvement	\$ 10,832	\$ (9,305)	\$ 1,527
1.3	Total Numerator [Incurred Claims + Quality Improvement]	\$ <b>1,864,430</b>	\$ <b>(13,407)</b>	\$ <b>1,851,023</b>
<b>2. Denominator</b>				
2.1	Premium Revenue	\$ 1,809,771	\$ -	\$ 1,809,771
2.2	Taxes and Fees	\$ 52,227	\$ 5,255	\$ 57,482
2.3	Total Denominator [Premium Revenue - Taxes and Fees]	\$ <b>1,757,544</b>	\$ <b>(5,255)</b>	\$ <b>1,752,289</b>
<b>3. Credibility Adjustment</b>				
3.1	Member Months	618,228	-	618,228
3.2	Credibility	Fully Credible		Fully Credible
3.3	Credibility Adjustment	0.00%	0.0%	0.0%
<b>4. MLR Calculation</b>				
4.1	Unadjusted MLR [Total Numerator / Total Denominator]	106.10%	-0.5%	105.6%
4.2	Credibility Adjustment	0.00%	0.0%	0.0%
4.3	Adjusted MLR [Unadjusted MLR + Credibility Adjustment]	<b>106.10%</b>	<b>-0.5%</b>	<b>105.6%</b>
<b>5. Remittance Calculation</b>				
5.1	Is Plan Membership Above the Minimum Credibility Value?	Yes		Yes
5.2	MLR Standard	85.00%		85.0%
5.3	Adjusted MLR			<b>105.6%</b>
5.4	Meets MLR Standard	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 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 adjust units to recalculated units that were calculated on improper basis on Schedule 4.
- To include omitted direct hours on Schedule 6.
- To reclassify supportive living room and board costs to the disallowed supportive living cost center.
- To remove the center wide allocation from the Medicaid administrative fee cost center on Schedule 5.

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	(\$139,422)	(\$4,102)

### **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-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



## SCHEDULE OF ADJUSTMENTS AND COMMENTS

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	(\$124,096)	(\$9,305)

### Adjustment #3 – To adjust capitation revenues per 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 MLR reporting period. An adjustment was proposed to report the revenues per 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 Revenue	(\$125,075)	\$0

### Adjustment #4 – To adjust examination fees, state premium taxes, local taxes and assessments to the legacy and expansion population.

The health plan reported an administrative fee deemed to qualify as a state assessment by UDHHS. However, the administrative fee did not agree to the amounts reported in the state summary. An adjustment was proposed to include the administrative fee amount per the state summary on the MLR. 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	(\$16,870)	\$11,536





**Adjustment #5 – To remove non-qualifying CBE expenses.**

The health plan reported community benefit expenditures (CBE) related to the costs incurred net of revenues received for various non-covered supportive living services. Based on the supporting documentation, some of the reported CBE costs do not qualify as allowable costs per CMS guidance. Additionally, all reported CBE costs were reported as Medicaid costs on the MLR Report. An adjustment was proposed to remove the non-qualifying CBE expense from the MLR Report, 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	(\$76,061)	(\$6,281)