



February 17, 2021

Via Electronic Mail

Mississippi Division of Medicaid  
Jennifer Wentworth, Deputy Administrator | Administration  
550 High Street, Suite 1000  
Jackson, Mississippi 39201

Re: Molina Healthcare of Mississippi MSCAN Medical Loss Ratio for the period of October 1, 2018 through June 30, 2019 Examination Report Transmittal

This letter is to inform you that Myers and Stauffer LC has completed the examination of Molina Healthcare of Mississippi's MSCAN Medical Loss Ratio (MLR) for the period of October 1, 2018 through June 30, 2019. As a courtesy to the Mississippi Division of Medicaid (DOM) and other readers, the Molina Healthcare of Mississippi management's response letter is included, if provided, in addition to our examination report, as part of this transmittal packet. Myers and Stauffer LC, in no manner, expresses an opinion on the accuracy, truthfulness, or validity of the statements presented within the management's response letter.

Please contact us at the phone number below if you have questions.

Kind Regards,

Myers and Stauffer LC

**Molina Healthcare of Mississippi  
Mississippi Coordinated Access Network  
Report on Adjusted Medical Loss Ratio  
(With Independent Accountant's Report Thereon)**

**State of Mississippi  
Division of Medicaid  
Jackson, Mississippi**

**For the period of  
October 1, 2018  
to June 30, 2019 Paid Through  
December 31, 2019**

Prepared by:





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State of Mississippi  
Division of Medicaid  
Jackson, Mississippi

Independent Accountant's Report

We have examined the accompanying Adjusted Medical Loss Ratio Rebate Calculation of Molina Healthcare of Mississippi (Molina) related to the Mississippi Coordinated Access Network for the state fiscal year ending June 30, 2019. Molina's management is responsible for presenting the Medical Loss Ratio (MLR) Rebate Calculation Report in accordance with the criteria set forth in the contract between the Division of Medicaid and Molina, Exhibit C: Medical Loss Ratio (MLR) Requirements and Centers for Medicare & Medicaid Services (CMS) federal guidance (criteria). Our responsibility is to express an opinion on the Medical Loss Ratio Rebate Calculation 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 Medical Loss Ratio Rebate Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement of the Medical Loss Ratio Calculation, 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 Other Non-Claims Costs amount reported on the Adjusted Medical Loss Ratio Rebate Calculation has not been subjected to the procedures applied in the examination, and accordingly, we express no opinion on it.

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, the above referenced accompanying Adjusted Medical Loss Ratio is presented in accordance with the above referenced criteria, in all material respects, and the Adjusted MLR Percentage Achieved exceeds the CMS requirement of eight-five percent (85%) for the state fiscal year ending June 30, 2019.

This report is intended solely for the information and use of the Mississippi Division of Medicaid, Milliman, and Molina and is not intended to be and should not be used by anyone other than these specified parties.

Myers and Stauffer LC  
Atlanta, GA  
January 26, 2021



*Adjusted Medical Loss Ratio for the State Fiscal Year Ending June 30, 2019 Paid Through December 31, 2019*

| Adjusted Medical Loss Ratio for the State Fiscal Year Ending June 30, 2019 Paid Through December 31, 2019     |   |                  |                    |                  |
|---|---|------------------|--------------------|------------------|
| Line #  | Line Description  | Reported Amounts | Adjustment Amounts | Adjusted Amounts |
| <b>Capitation Revenue and Tax Assessments</b>   |   |                  |                    |                  |
| 1   | Total YTD Capitation Revenue and Maternity Kick Payments                        | \$ 159,092,755   | \$ -               | \$ 159,092,755   |
| <b>Tax Components of Reported Revenue</b>   |   |                  |                    |                  |
| 2   | Less: Health Insurer Tax  | \$ -             | \$ -               | \$ -             |
| 3   | Less: Allocation for premium taxes  | \$ 4,926,046     | \$ -               | \$ 4,926,046     |
| 4   | Less: Other taxes and other revenue-based assessments                           | \$ (3,778,992)   | \$ -               | \$ (3,778,992)   |
| 5   | NET Current YTD Adjusted Premium Revenue  | \$ 157,945,701   | \$ -               | \$ 157,945,701   |
| <b>MLR Medical and Administrative Expenses</b>  |   |                  |                    |                  |
| 6   | Total Net Medical Expenses from Income Statement                                | \$ 155,316,419   | \$ -               | \$ 155,316,419   |
| <b>MLR Expense Adjustments as defined in Exhibit C</b>  |   |                  |                    |                  |
| 7   | Incurred claim adjustment additions   | \$ -             | \$ -               | \$ -             |
| 8   | Incurred claim adjustment deductions  | \$ 563,573       | \$ -               | \$ 563,573       |
| 9   | Incurred claim adjustment exclusions  | \$ 664,105       | \$ 773,037         | \$ 1,437,142     |
| 10  | Adjusted Net Medical Expenses   | \$ 154,088,742   | \$ (773,037)       | \$ 153,315,705 * |
| <b>Health Care Quality Improvement (HCQI) and Health Information Technology (HIT) Meaningful Use Expenses</b> |   |                  |                    |                  |
| 11  | HCQI and HIT Administrative Expenses from Income Statement                      | \$ 1,581,951     | \$ -               | \$ 1,581,951     |
| 12  | Adjustments or exclusions to HCQI/HIT meaningful use expenses                   | \$ -             | \$ -               | \$ -             |
| 13  | Adjusted HCQI/HIT expenses  | \$ 1,581,951     | \$ -               | \$ 1,581,951     |
| 14  | Other Non-Claims Costs (For Reporting Purposes Only. Not Included in Numerator) | \$ 15,944,360    | \$ 1,437,142       | \$ 17,381,502 ** |
| 15  | Total Adjusted Current YTD MLR Medical Expenditures                             | \$ 155,670,693   | \$ (773,037)       | \$ 154,897,656 * |
| 16  | Reporting MLR Percentage  | 98.6%            | -0.5%              | 98.1%            |
| 17  | MLR percentage requirement for rebate calculation                               | 85.0%            |                    | 85.0%            |
| 18  | Percentage below 85% Requirement  | 0.0%             |                    | 0.0%             |
| 19  | Dollar Amount of Rebate Requirement   | \$ -             | \$ -               | \$ -             |
| <b>Credibility Adjustment Applied</b>   |   |                  |                    |                  |
| 20  | MLR Member Months   | 339,455          | -                  | 339,455          |
| 21  | MLR Member Months (Annualized)  | 339,455          | 113,152            | 452,607          |
| 22  | Credibility Adjustment  | 1.1%             | -1.1%              | 0.0%             |
| 23  | Adjusted Reporting MLR Percentage   | 99.7%            | -1.6%              | 98.1%            |
| 24  | MLR Percentage Requirement for Rebate Calculation                               | 85.0%            |                    | 85.0%            |
| 25  | Percentage below 85% Requirement  | 0.0%             |                    | 0.0%             |
| 26  | Dollar Amount of Rebate Required  | \$ -             | \$ -               | \$ -             |

\*Minor footing variance due to rounding. Reported amounts have been rounded to match the as-filed report.

\*\*The "Other Non-Claims Costs" line reported on the Medical Loss Ratio Rebate Calculation Report has not been subjected to the procedures applied in the examination, and accordingly, we express no opinion on it. However, any adjustments identified during the course of the examination procedures directly affecting the "Other Non-Claims Costs" line, will be properly reflected within the adjustment totals.



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## *Schedule of Adjustments and Comments for the State Fiscal Year Ending June 30, 2019*

During our examination we noted certain matters involving costs, that in our determination did not meet the definitions of allowable medical expenses and other operational matters that are presented for your consideration.

### **Adjustment #1 - To exclude additional administrative costs related to third party vendors**

The health plan attempted to exclude third party vendor costs reported on the MLR for Avesis Hearing and Dental, Southeastrans Transportation, March Vision, and Caremark CVS Pharmacy. However after further review of the total expenses claimed, it was determined that the full amount of administrative cost was not excluded. Additionally, two vendors had incurred claims greater than claimed based on the certification statements received. The plan had previously removed \$644,105 for line 9, but did not reports theses costs as non-claims. This contributed to the total non-claims cost reclassification amount reported below. The medical expense, third party, and administrative reporting requirements are addressed in the Exhibit C: Medical Loss Ratio (MLR) Requirements, the Medicaid Managed Care Final Rule 42 CFR § 438.8, and 45 CFR 158.160.

This is a newly identified finding for this examination and as such, we recommend that Molina revise its processes for reporting exclusions on the MLR rebate calculation to properly exclude all third party administrative expenses.

#### **Proposed Adjustment:**

| <b>Line #</b> | <b>Line Description</b>              | <b>Amount</b> |
|---------------|--------------------------------------|---------------|
| 9             | Incurred Claim Adjustment Exclusions | \$773,037     |
| 14            | Other Non-Claims Costs               | \$1,437,142   |



## *Health Plan Responses*

The health plan did not provide responses for the state fiscal year under review.