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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 of Magnolia Health Plan, Inc. (Magnolia) related to the Mississippi Children's Health Insurance Program (CHIP) for the state fiscal year ending June 30, 2020. Magnolia's management is responsible for presenting the Medical Loss Ratio (MLR) Rebate Calculation Report in accordance with the criteria set forth in the Exhibit D: Medical Loss Ratio (MLR) Requirements, the Code of Federal Regulations (CFR) 42 § 438.8, and other federal guidance (criteria). This criteria was used to prepare the Adjusted Medical Loss Ratio. Our responsibility is to express an opinion on the Adjusted Medical Loss Ratio 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 Adjusted Medical Loss Ratio. 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 Ratio, 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 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.

The Other Non-Claims Costs amount reported on the Adjusted Medical Loss Ratio Rebate Calculation is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination, and accordingly, we express no opinion on it.

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 Medical Loss Ratio Percentage Achieved exceeds the Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) for the state fiscal year ending June 30, 2020.

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

Myers and Stauffer LC Atlanta, Georgia February 14, 2022

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Adjusted Medical Loss Ratio for the State Fiscal Year Ending June 30, 2020 Paid Through December 31, 2020

	Adjusted Medical Loss Ratio for the State Fiscal Year Ending Jur				
ine#	Line Description	Reported	Adjustment	Adjusted Amounts	
		Amounts	Amounts		
Capitatio	n Revenue and Tax Assessments				
1	Total YTD Capitation Revenue and Maternity Kick Payments	\$ 21,153,100	\$ -	\$	21,153,100
	Tax Components of Reported Revenue				
2	Less: Health Insurer Tax	\$ 648,456	\$ -	\$	648,456
3	Less: Allocation for premium taxes	\$ 615,139	\$ -	\$	615,139
4	Less: Other taxes and other revenue-based assessments	\$ -	\$ -	\$	-
5	NET Current YTD Adjusted Premium Revenue	\$ 19,889,505	\$ -	\$	19,889,505
MLR Med	ical and Administrative Expenses				
6	Total Net Medical Expenses from Income Statement	\$ 17,192,961		\$	17,192,961
	MLR Expense Adjustments as defined in Exhibit C				
7	Incurred claim adjustment additions	\$ -	\$ -	\$	-
8	Incurred claim adjustment deductions	\$ -	\$ -	\$	-
9	Incurred claim adjustment exclusions	\$ (246,824)	\$ -	\$	(246,824
10	Adjusted Net Medical Expenses	\$ 17,439,785		\$	17,439,785
	Health Care Quality Improvement (HCQI) and Health Information Technology (HIT)				
	Meaningful Use Expenses				
11	HCQI and HIT Administrative Expenses from Income Statement	\$ 400,139	\$ -	\$	400,139
12	Adjustments or exclusions to HCQI/HIT meaningful use expenses	\$ 17,699	\$ -	\$	17,699
13	Adjusted HCQI/HIT expenses	\$ 417,838	\$ -	\$	417,838
14	Other Non-Claims Costs (For Reporting Purposes Only. Not Included in Numerator)**	\$ 1,871,648	\$ -	\$	1,871,648
15	Total Adjusted Current YTD MLR Medical Expenditures	\$ 17,857,623		\$	17,857,623
16	Reporting MLR Percentage	89.8%	0.0%		89.8%
17	MLR percentage requirement for rebate calculation	85.0%			85.0%
18	Percentage below 85% Requirement	0.0%			0.0%

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Adjusted Medical Loss Ratio for the State Fiscal Year Ending June 30, 2020 Paid Through December 31, 2020

Adjusted Medical Loss Ratio for the State Fiscal Year Ending June 30, 2020 Paid Through December 31, 2020								
Line #	Line Description	Reported	Adjustment	Adjusted				
Line "		Amounts	Amounts	Amounts				
19	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -				
Credibility	Credibility Adjustment Applied							
20	MLR Member Months	73,869	-	73,869				
21	MLR Member Months (Annualized)	73,869	147,738	221,607				
22	Credibility Adjustment	2.4%		1.4%				
23	Adjusted Reporting MLR Percentage	92.2%	-1.0%	91.2%				
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	\$ -	\$ -	\$ -				

^{**}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, 2020

During our examination, we identified the following adjustments.

Adjustment #1 – To properly annualize the member months

The health plan operated for a partial year during the state fiscal year under examination. The reported member months reported by the health plan on the as-filed MLR represented the member months for the period of July 2019 through October 2019. However, the annualized member month calculation on the MLR template did not properly annualize these totals, resulting in an incorrect credibility adjustment being applied. An increasing adjustment of 147,738 member months will be applied to properly annualize the member months. This decreases the reported credibility adjustment from 2.4% to 1.4%. The credibility reporting requirements are addressed in the Exhibit D: Medical Loss Ratio (MLR) Requirements and the Medicaid Managed Care Final Rule 42 CFR §438.8(h).

	Proposed Adjustment						
Line #	Line Description	Amount					
21	MLR Member Months (Annualized)	147,738					