March 8, 2023

Via Electronic Mail

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

Re: UnitedHealthcare Community Plan of Mississippi's MSCAN Medical Loss Ratio for the period of July 1, 2020 through June 30, 2021 Examination Report Transmittal

This letter is to inform you that Myers and Stauffer LC has completed the examination of UnitedHealthcare Community Plan of Mississippi's MSCAN Medical Loss Ratio (MLR) for the period of July 1, 2020 through June 30, 2021. As a courtesy to the Mississippi Division of Medicaid (DOM) and other readers, the UnitedHealthcare Community Plan 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

Myers and Stauffer LC

DEDICATED TO GOVERNMENT HEALTH PROGRAMS
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UnitedHealthcare Community Plan of Mississippi
Mississippi Coordinated Access Network (MSCAN)

Report on Adjusted Medical Loss Ratio

With Independent Accountant's Report Thereon

For the State Fiscal Year Ended June 30, 2021

Paid through December 31, 2021

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

State of Mississippi
Division of Medicaid
Jackson, Mississippi

Independent Accountant's Report

We have examined the MSCAN Medical Loss Ratio (MLR) Rebate Calculation of UnitedHealthcare Community Plan of Mississippi (health plan) for the state fiscal year ended June 30, 2021. The health plan's management is responsible for presenting the MSCAN Medical Loss Ratio (MLR) Rebate Calculation in accordance with the criteria set forth in the Code of Federal Regulations (CFR) 42 § 438.8 and other applicable federal and state 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.

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 Ratio was prepared from information contained in the Medical Loss Ratio Rebate Calculation 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 Adjusted Medical Loss Ratio is presented in accordance with the criteria, in all material respects, and the Adjusted Medical Loss Ratio exceeds the state's requirement of eighty-seven and a half percent (87.5%) for the state fiscal year ended June 30, 2021.

This report is intended solely for the information and use of the Division of Medicaid, 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

Myers and Stauffer LC
Atlanta, Georgia
March 8, 2023

Adjusted MLR Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through December 31, 2021

Adjusted MLR Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through December 31, 2021				
Line #	**Line Description**	**Reported Amounts**	**Adjustment Amounts**	**Adjusted Amounts**
Capitation Revenue and Tax Assessments				
1	Total YTD Capitation Revenue (A)	$ 1,167,012,843	$ (9,010,405)	$ 1,158,002,438
	Tax Components of Reported Revenue			
2	Less: Health Insurer Tax	$ 8,492,441	$ -	$ 8,492,441
3	Less: Premium Taxes	$ 35,010,385	$ (270,312)	$ 34,740,073
4	Less: Other taxes and other revenue-based assessments	$ 9,135,310	$ -	$ 9,135,310
5	NET Current YTD Adjusted Premium Revenue	$ 1,114,374,707	$ (8,740,093)	$ 1,105,634,614
MLR Medical and Administrative Expenses				
6a	Net Medical Expenses from Income Statement (A)	$ 747,888,513	$ -	$ 747,888,513
6b	Mississippi Hospital Access Program (MHAP) Expenses	$ 226,537,578	$ -	$ 226,537,578
6c	Medicaid Access to Physician Services (MAPS) Expenses	$ 11,067,409	$ 3,142,058	$ 14,209,467
6	**Total Net Medical Expenses**	$ 985,493,501	$ 3,142,058	$ 988,635,558
	MLR Expense Adjustments as defined in Exhibit C			
7	Incurred claims adjustment additions	$ 364,114	$ -	$ 364,114
8	Incurred claims adjustment deductions	$ 406,134	$ -	$ 406,134
9	Incurred claims adjustment exclusions	$ 3,291,204	$ -	$ 3,291,204
10	Adjusted Net Medical Expenses	$ 982,160,277	$ 3,142,058	$ 985,302,334
	Health Care Quality Improvement (HCQI) and Health Information Technology (HIT) Meaningful Use Expenses			
11	HCQI and HIT Administrative Expenses from Income Statement	$ 17,171,266	$ (1,009,828)	$ 16,161,438
12	Adjustments or exclusions to HCQI/HIT meaningful use expenses	$ 2,984,441	$ -	$ 2,984,441
13	Adjusted HCQI/HIT Expenses	$ 14,186,825	$ (1,009,828)	$ 13,176,997
14	Other Non-Claims Costs*	$ 47,296,024	$ 45,581	$ 47,341,605
15	Program Integrity Costs*	$ 6,270,817	$ (825,072)	$ 5,445,745
16	**Total Adjusted Current YTD MLR Medical Expenditures**	$ 996,347,102	$ 2,132,229	$ 998,479,331
17	Reporting MLR Percentage	89.4%	0.9%	90.3%
18	MLR percentage requirement for rebate calculation	87.5%	0.0%	87.5%
19	**Percentage below 87.5% Requirement**	0.0%	0.0%	0.0%
20	**Dollar Amount of Rebate Requirement**	$ -	$ -	$ -
Credibiltiy Adjustment Applied				
21	MLR Member Months	2,201,581	-	2,201,581
22	**MLR Member Months (Annualized)**	2,201,581	-	2,201,581
23	**Credibility Adjustment**	0.0%	0.0%	0.0%
24	**Adjusted Reporting MLR Percentage**	89.4%	0.9%	90.3%
25	**MLR Percentage Requirement for Rebate Calculation**	87.5%	0.0%	87.5%
26	**Percentage below 87.5% Requirement**	0.0%	0.0%	0.0%
27	**Dollar Amount of Rebate Required**	$ -	$ -	$ -

**Lines 14 and 15 above, representing Other Non-Claims Costs and Program Integrity Costs respectively, are excluded from the numerator of the MLR calculation; however, the amounts were tested for allowability and appropriateness based on the state's criteria and are therefore opined upon within the examination report.*

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 capitation revenues per state data

The health plan reported revenue amounts that did not reflect all 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. Capitation payments, Mississippi Hospital Access Program (MHAP) payments, Medicaid Access to Physician Services (MAPS) payments, retroactive capitation settlement, and other payments are included within the total adjustment. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR §438.8(f)(2) and § 438.6(c). The health plan completed the MLR based upon the template instructions.

This is a newly identified finding for this examination. We recommend that the health plan ensure the reporting of revenues is based on the most updated information available.

Proposed Adjustment		
Line #	Line Description	Amount
1	Total YTD Capitation Revenue (A)	$4,392,814

Adjustment #2 – To adjust Risk Corridor settlement per state data

The health plan reported risk corridor settlements based on preliminary amounts, however, it was necessary for Milliman to incorporate all applicable Medical Loss Ratio examination adjustments contained within this report and to provide a final risk corridor settlement calculation. The proposed adjustment incorporates this final risk corridor settlement calculation. The risk corridor requirements are addressed in the state contract and the Medicaid Managed Care Final Rule 42 CFR §438.8(f)(2)(vi).

This is not a newly identified finding for this examination, however, the health plan utilized the appropriate known amounts at the time of the MLR template submission. We expect the health plan to include any risk corridor amounts in future MLR template submissions, upon request by the Division.

Proposed Adjustment		
Line #	Line Description	Amount
1	Total YTD Capitation Revenue (A)	($13,403,219)

Adjustment #3 – To adjust allowable Premium Taxes

The health plan appropriately reported premium taxes that agreed to an amount equal to three percent of the total reported premium revenue. However, in correlation with Adjustment #1 and Adjustment #2, this calculation required an adjustment. An adjustment was proposed to recalculate the allowable premium tax based on the adjusted premium revenues. The premium tax and income tax expense reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3).

This is not a newly identified finding for this examination, however, the health plan appropriately calculated the premium taxes based on the reported revenue amounts at the time of the MLR template submission. We recommend the plan continue to calculate premium tax based upon the reported revenue amounts.

Proposed Adjustment		
Line #	Line Description	Amount
3	Less: Premium Taxes	($270,312)

Adjustment #4 – To adjust allowable Medicaid Access to Physician Services (MAPS) Expenses

The health plan reported directed payments related to MAPS that were received during the reporting period rather than the amounts for dates of service in the MLR reporting period. An adjustment was proposed to correct the correlating expense to align with the adjusted revenue amounts made in Adjustment #1. The directed payment reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2) and § 438.6(c).

This is a newly identified finding for this examination. We recommend that the health plan report amounts incurred during the state fiscal year, rather than the amounts received by the health plan during the state fiscal year at the time of the MLR template submission.

Proposed Adjustment		
Line #	Line Description	Amount
6c	Medicaid Access to Physician Services (MAPS) Expenses	$3,142,058

Adjustment #5 – To adjust related party HCQI expenses to actual cost

The health plan utilized related party administrative and profit margin rates to remove non-qualifying expenses from intersegment accounts identified as HCQI. The original rates were determined to be inaccurate following the receipt of actual rates. An adjustment was proposed to remove the non-qualifying expenses based on the updated rates. The HCQI/HIT reporting requirements are addressed the Medicaid Managed Care Final Rule 42 CFR §438.8(e)(3).

This is a newly identified finding for this examination. We recommend that the health plan utilize the most up-to-date information possible when calculating administrative expenses and profit margin to remove from HCQI expenses.

Proposed Adjustment		
Line #	**Line Description**	**Amount**
11	HCQI and HIT Administrative Expenses from Income Statement	($1,009,828)

Adjustment #6 – To adjust Non-Claims expense to actual cost

The health plan utilized related party administrative rates to remove non-qualifying expenses from the intersegment accounts identified as HCQI. This expense was intended to then be reclassified to administrative 'Other Non-Claims Cost' on the MLR. However, the health plan failed to add the full amount of their calculation to the non-claims totals. Additionally, as outlined in Adjustment #5, the rates utilized to calculate the administrative cost were also found to be inaccurate and therefore required a recalculation. A net positive adjustment was made to correct the reported administrative cost. The non-claims costs reporting requirements are addressed in health plan's contract with the Mississippi Division of Medicaid within Section F of the Exhibit C. The HCQI/HIT reporting requirements are addressed the Medicaid Managed Care Final Rule 42 CFR §438.8(e)(3).

This is a newly identified finding for this examination. We recommend that the health plan utilize the most up-to-date information possible when calculating administrative cost to remove from the accounts.

Proposed Adjustment		
Line #	**Line Description**	**Amount**
14	Other Non-Claims Cost	$1,608,619

Adjustment #7 – To adjust related party administrative expenses to actual cost

The health plan utilized related party administrative and profit margin rates to remove non-qualifying expenses from intersegment accounts. The original rates were determined to be inaccurate following the receipt of actual rates for the MLR reporting period from the related vendors as outlined in Adjustment #5. An adjustment was proposed to the related party intersegment accounts to correct the related party profit margin to be removed from administrative cost totals. The non-claims costs reporting requirements are addressed in health plan's contract with the Mississippi Division of Medicaid within Section F of the Exhibit C.

This is a newly identified finding for this examination. We recommend that the health plan utilize the most up to date information possible when calculating administrative cost to remove from the accounts.

Proposed Adjustment		
Line #	Line Description	Amount
14	Other Non-Claims Cost	($2,236,578)

Adjustment #8 – To remove non-allowable administrative expense

The health plan included non-allowable advertising and internal legal fees in the related parent company accounts used to report administrative cost. An adjustment was proposed to remove the non-allowable costs reported that were identified through sampling procedures. The non-claims costs reporting requirements are addressed in health plan's contract with the Mississippi Division of Medicaid within Section F of the Exhibit C.

This is a newly identified finding for this examination. We recommend that the health plan analyze the parent company accounts allocated to the health plan and included in administrative cost to identify non-allowable costs that should be removed.

Proposed Adjustment		
Line #	Line Description	Amount
14	Other Non-Claims Cost	($151,532)

Adjustment #9 – To reclassify program integrity profit margin from non-claims cost

The health plan correctly calculated the related party profit margin amounts to remove from the program integrity costs of the MLR template, however, the amount was removed from the Other Non-Claims Costs line rather than the Program Integrity Cost line. An adjustment was proposed to reclassify the profit margin removal to the correct template line. The non-claims costs reporting requirements are addressed in health plan's contract with the Mississippi Division of Medicaid within Section F of the Exhibit C.

This is a newly identified finding for this examination. We recommend that the health plan separate the calculations for profit margin to ensure correct reporting on the template.

Proposed Adjustment		
Line #	**Line Description**	**Amount**
14	Other Non-Claims Cost	$825,072
15	Program Integrity Costs	($825,072)

Appendix A: Health Plan Responses

The health plan responses are attached below. The responses have been reviewed by Myers and Stauffer prior to finalization of the examination report, and have been incorporated into the adjustments if deemed necessary by Myers and Stauffer.

United Healthcare

March 8, 2023

Mr. Randy C. Rehn, CPA, CFE
Senior Manager
Myers and Stauffer LLC.
1349 W Peachtree Street NE, Suite 1600
Atlanta, GA 30309

RE: REVISED - MANAGEMENT RESPONSE TO CAN/CHIP MEDICAL LOSS RATIO (MLR) AUDIT ADJUSTMENTS FOR SFY 2021

Dear Mr. Rehn,

Please find below our formal written response to the CAN/CHIP MLR Audit Adjustments for SFY 2021. Our response to the proposed adjustments are as follows:

CAN/CHIP Adjustment #1 – To adjust capitation revenues per state data

Response: UHC agrees that the MAPS payment should be recorded based on the dates of service in the MLR reporting year. We ask that MS DOM include in all correspondence for MAPS payments to note what is outstanding to the CCO in current state fiscal year.

CAN/CHIP Adjustment #2 – To adjust Risk Corridor settlement per state data

Response: UHC agrees that there was a timing difference when the MLR report was submitted versus when the final risk corridor payment was calculated. UHC will update reports with the best known data.

CAN/CHIP Adjustment #3 – To adjust for allowable Premium Taxes

Response: UHC agrees that premium tax needs to be adjusted down due to change in premium revenue from Adjustment #1.

CAN Adjustment #4 – To adjust allowable Medicaid Access to Physician Services (MAPS) Expenses

Response: UHC agrees to recognizing MAPS payments based on the dates of service in the MLR reporting period. We ask that MS DOM include in all correspondence for MAPS payments to note what is outstanding to the CCO in current state fiscal year.

CAN Adjustment #5/CHIP Adjustment #4 – To adjust related party HCQI expenses to actual cost
CAN Adjustment #6/CHIP Adjustment #5 – To adjust Non-Claims expenses to actual cost
CAN Adjustment #7/CHIP Adjustment #6 – To adjust related party administrative expense to actual cost

Response: UHC does not agree with these findings. UHC of Mississippi did provide the most up to date and accurate information within our possession.

CAN Adjustment #8/CHIP Adjustment #7 – To remove non-allowable administrative expense

Response: UHC will evaluate it's methodology of excluding non-allowable expenses in administrative expenses from its parent company.

CAN Adjustment #9/CHIP Adjustment #8 – To reclassify program integrity profit margin from non-claims cost

Response: UHC will verify that all profit margin reclassifications will be noted in the correct line of the MLR report prior to submission on a going forward basis.

As we stated in the exit interview, we appreciate the feedback from M&S in making sure that we report accurate and timely data. We look forward to future audits to collaborate together and continue to refine the process of MLR reporting.

Thank you again for your time and we look forward to working with your team.

Best Regards,

Chandler Ewing
UHC Market Chief Financial Officer