AMERIHEALTH CARITAS

NEW HAMPSHIRE

New Hampshire Medicaid Care Management Services

Report on Adjusted Medical Loss Ratio

With Independent Accountant's Report Thereon

For the State Fiscal Year Ended June 30, 2020

Paid through February 28, 2021

MYERS AND STAUFFER LC

CERTIFIED PUBLIC ACCOUNTANTS

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State of New Hampshire
Department of Health and Human Services
Concord, New Hampshire

Independent Accountant's Report

We have examined the New Hampshire Medicaid Care Management Services Medical Loss Ratio (MLR) calculations of the Standard Medicaid (Standard) and the Granite Advantage Health Care Program (GAHCP) populations for AmeriHealth Caritas New Hampshire (health plan) for the state fiscal year ended June 30, 2020. The health plan's management is responsible for presenting the Medical Loss Ratio (MLR) calculations in accordance with the criteria set forth in the Code of Federal Regulations (CFR) 42 § 438.8 and other applicable federal guidance. 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 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 Ratios are presented in accordance with the criteria, in all material respects, and the Adjusted Medical Loss Ratios exceed the state's requirement of eighty-five percent (85%) for the Standard and GAHCP populations for the state fiscal year ended June 30, 2020.

This report is intended solely for the information and use of the 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

Myers and Stauffer LC
Indianapolis, Indiana
September 27, 2023

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2020 Paid Through February 28, 2021

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2020 Paid Through February 28, 2021 Standard Population					
CMS Line #	**State Line #**	**Line Description**	**Reported Amounts**	**Adjustment Amounts****	**Adjusted Amounts**
1.		**Medical Loss Ratio Numerator**			
1.1	1.1	Incurred Claims	$ 16,799,448	$ 10,685	$ 16,810,133
1.2	1.2	Activities that Improve Health Care Quality	$ 1,206,878	$ (164,010)	$ 1,042,868
1.3	1.3	MLR Numerator	$ 18,006,326	$ (153,325)	$ 17,853,001
1.4	6.7	Non-Claims Costs (Not Included in Numerator)*	$ 6,261,227	$ 678,473	$ 6,939,700
2.		**Medical Loss Ratio Denominator**			
2.1	2.1	Premium Revenue	$ 20,352,955	$ 156,888	$ 20,509,843
2.2	2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	$ (40,380)	$ (73,568)	$ (113,948)
2.3	2.3	MLR Denominator	$ 20,393,335	$ 230,456	$ 20,623,791
3.		**MLR Calculation**			
3.1	3.1	Member Months	67,335	-	67,335
3.2	4.1	Unadjusted MLR	88.3%	-1.7%	86.6%
3.3	4.2	Credibility Adjustment**	2.5%	-0.3%	2.3%
3.4	4.3	Adjusted MLR	90.8%	-1.9%	88.9%
4.		**Remittance**			
4.2	5.2	State Minimum MLR Requirement	85.0%		85.0%
4.6.1	5.5	Remittance dollar amount owed for MLR reporting period	$ -	$ -	$ -

**The Non-Claims Costs line 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 line, will be properly reflected within the adjustment totals.*

***Percentages may not foot and crossfoot due to only displaying decimals to the nearest tenth.*

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2020 Paid Through February 28, 2021

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2020 Paid Through February 28, 2021 GAHCP Population					
CMS Line #	**State Line #**	**Line Description**	**Reported Amounts**	**Adjustment Amounts****	**Adjusted Amounts**
1.		**Medical Loss Ratio Numerator**			
1.1	1.1	Incurred Claims	$ 30,517,711	$ 602,965	$ 31,120,676
1.2	1.2	Activities that Improve Health Care Quality	$ 2,000,763	$ (278,281)	$ 1,722,482
1.3	1.3	MLR Numerator	$ 32,518,474	$ 324,684	$ 32,843,158
1.4	6.7	Non-Claims Costs (Not Included in Numerator)*	$ 9,938,195	$ 385,513	$ 10,323,708
2.		**Medical Loss Ratio Denominator**			
2.1	2.1	Premium Revenue	$ 36,890,093	$ 1,116,670	$ 38,006,763
2.2	2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	$ (606,780)	$ (96,243)	$ (703,023)
2.3	2.3	MLR Denominator	$ 37,496,873	$ 1,212,913	$ 38,709,786
3.		**MLR Calculation**			
3.1	3.1	Member Months	73,229	-	73,229
3.2	4.1	Unadjusted MLR	86.7%	-1.9%	84.8%
3.3	4.2	Credibility Adjustment**	2.4%	-0.3%	2.2%
3.4	4.3	Adjusted MLR	89.2%	-2.2%	87.0%
4.		**Remittance**			
4.2	5.2	State Minimum MLR Requirement	85.0%		85.0%
4.6.1	5.5	Remittance dollar amount owed for MLR reporting period	$ -	$ -	$ -

**The Non-Claims Costs line 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 line, will be properly reflected within the adjustment totals.*

***Percentages may not foot and crossfoot due to only displaying decimals to the nearest tenth.*

Schedule of Adjustments and Comments for State Fiscal Year Ended June 30, 2020

During our examination, we identified the following adjustments.

Adjustment #1 – To reclassify administrative costs from Incurred Claims to Non-Claims Costs.

The health plan provided claims detail and vendor attestations for their Incurred Claims support. The plan's vendors were responsible for arranging transportation, dental, vision, and pharmacy services. After comparing the claims detail and vendor attestations to the amounts reported, it was determined that administrative costs were included within the Incurred Claims amounts. An adjustment was proposed to reclassify these administrative costs from Incurred Claims to Non-Claims Costs. The Incurred Claims reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR §438.8(e)(2).

Proposed Adjustment			
Line #	Line Description	Amount	
		Standard	GAHCP
1.1	Incurred Claims	$(510,801)	$(95,189)
1.4	Non-Claims Costs (Not Included in Numerator)	$510,801	$95,189

Adjustment #2 – To annualize Member Months for the Credibility Adjustment Calculation.

The health plan began operations in the New Hampshire Medicaid program in September 2019. The Member Months reported for the State Fiscal Year 2020 Medical Loss Ratio represents 10 months of membership. An adjustment was proposed to annualize member months for the recalculation of the Credibility Adjustment. The reported Standard population member months of 67,335 and GAHCP population member months of 73,229 were grossed up by applying a multiplier of twelve months, which was then divided by the reported ten months resulting in annualized member months of 80,801 for the Standard population and 87,875 for the GAHCP population. These annualized member months were then subjected to the credibility table amounts reported in the CMS Bulletin dated July 31, 2017. The credibility adjustment reporting requirements are addressed in Medicaid Managed Care Final Rule 42 CFR §438.8(h).

Proposed Adjustment			
Line #	Line Description	Amount	
		Standard	GAHCP
3.3	Credibility Adjustment	(0.3%)	(0.3%)

Adjustment #3 – To reclassify Pharmacy Network Access Fees from Incurred Claims to Non-Claims Costs.

The Pharmacy Benefit Administrator (PBM) charged servicing pharmacy providers Network Access Fees by reducing the amounts remitted to the pharmacy providers. These fees are a reduction to the reportable incurred claims totals paid to the pharmacies. However, since these transactions did not result in any payment amount differences between the health plan and the PBM, this adjustment is to be considered an imputed administrative cost amount by the health plan to account for the additional amounts retained by the PBM from the pharmacy providers. An adjustment was proposed to reclassify these administrative costs from Incurred Claims to Non-Claims Costs. The incurred claims reporting requirement are addressed in Medicaid Managed Care Final Rule 42 CFR §438.8(e)(2).

Proposed Adjustment			
Line #	Line Description	Amount	
		Standard	GAHCP
1.1	Incurred Claims	$(3,662)	$(12,043)
1.4	Non-Claims Costs (Not Included in Numerator)	$3,662	$12,043

Adjustment #4 – To reclassify non-qualifying salaries and benefits from HCQI to Non-Claims Costs

The health plan reported Health Care Quality Initiatives (HCQI) expenses that included salaries and benefits. It was determined that the health plan included non-qualifying expenses based on the federal guidance. An adjustment was proposed to reclassify non-qualifying salaries and benefits from HCQI to Non-Claims Costs. The HCQI reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR §438.8(e)(3).

Proposed Adjustment			
Line #	Line Description	Amount	
		Standard	GAHCP
1.2	Activities that Improve Health Care Quality	$(164,010)	$(278,281)
1.4	Non-Claims Costs (Not Included in Numerator)	$164,010	$278,281

Adjustment #5 – To adjust Premium Revenue to verified State data.

The health plan reported premium revenue of $20,352,955 for the Standard population and $36,890,093 for the GAHCP population. The state's documentation supported premium revenue of $20,509,843 for Standard and $38,006,763 for GAHCP, which is inclusive of the directed payment revenues described in Adjustment #6. An adjustment was proposed to adjust to the state's verified amounts. The Premium Revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR §438.8(f)(2).

Proposed Adjustment			
Line #	Line Description	Amount	
		Standard	GAHCP
2.1	Premium Revenue	$156,888	$1,116,670

Adjustment #6 – To adjust Incurred Claims to the verified CMHC and COVID-19 directed payment expense amounts.

The health plan did not report amounts for the Community Mental Health Centers (CMHC) and COVID-19 directed payment expenses on Line 1.1, Incurred Claims for Standard and GAHCP based on previous guidance reviewed. However, CMS confirmed that payments developed under 42 CFR §438.6(c) and included in the rate certification should be included within both the numerator and denominator for the MLR calculation. Based on the supporting documentation provided by the state, an adjustment was proposed to adjust Incurred Claims to the verified amount in Line 1.1, while the proposed respective adjustment to the Premium Revenue was made as part of Adjustment #5. The Incurred Claims reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR §438.8(e)(2).

Proposed Adjustment			
Line #	Line Description	Amount	
		Standard	GAHCP
1.1	Incurred Claims	$525,148	$710,197

Adjustment #7 – To adjust Premium Taxes to verified state data.

The health plan reported state premium taxes for the Standard and GAHCP populations. An adjustment was proposed to account for the revised premium tax calculations resulting from the revised revenue totals. The Taxes reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR §438.8(f)(3).

Proposed Adjustment			
Line #	Line Description	Amount	
		Standard	GAHCP
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees.	$(73,568)	$(96,243)