

The background features a blurred image of a person lying in a hospital bed, overlaid with a green geometric pattern of lines and various medical icons such as a syringe, a pill, a stethoscope, and a group of people. A large white cross is centered over the person's chest.

**AETNA BETTER HEALTH
OF WEST VIRGINIA**
**West Virginia Department of
Health and Human Resources,
Bureau for Medical Services (BMS)**

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 December 31, 2021



**MYERS AND
STAUFFER**_{LC}
CERTIFIED PUBLIC ACCOUNTANTS



Table of Contents

■ Table of Contents.....	1
■ Independent Accountant’s Report.....	2
■ Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through December 31, 2021.....	4
■ Schedule of Adjustments and Comments for the State Fiscal Year Ended June 30, 2021.....	8



State of West Virginia

West Virginia Department of Health and Human Resources, Bureau for Medical Services (BMS)

Charleston, West Virginia

Independent Accountant's Report

We have examined the accompanying Adjusted Medical Loss Ratio of Aetna Better Health of West Virginia (Aetna) Managed Care Organization for the state fiscal year ended June 30, 2021. Aetna Better Health of West Virginia's management is responsible for presenting the Medical Loss Ratio Reporting 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 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 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 has not been subjected to the procedures applied in the examination. In accordance with CFR 42 § 438.8, reporting of the Other Non-Claims Costs is required. Any adjustments to the Other Non-Claims Costs were determined without testing as the procedure was outside of the scope of our 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 exceeds both the Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) and the state remittance requirement of eighty-eight percent (88%) for the Mountain Health Trust (MHT) population for the state fiscal year ended June 30, 2021. Furthermore, the Adjusted Medical Loss Ratio exceeds the



Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) for the Mountain Health Promise (MHP) population for the state fiscal year ended June 30, 2021.

This report is intended solely for the information and use of the West Virginia Department of Health and Human Resources, Bureau for Medical Services (BMS), Milliman, and Aetna Better Health of West Virginia and is not intended to be and should not be used by anyone other than these specified parties.

Myers and Stauffer LC
Atlanta, GA
June 6, 2023



AETNA BETTER HEALTH OF WEST VIRGINIA
ADJUSTED MEDICAL LOSS RATIO

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

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through December 31, 2021				
		MHT		
		As-Filed Amounts	Adjustment Amounts	Adjusted Amounts
	Member Months	1,871,240	-	1,871,240
Medical Loss Ratio Numerator				
1.1	Total Incurred Claims in Current MLR Period (State Fiscal Year 2021)	\$ 497,478,896	\$ (256,051)	\$ 497,222,845
1.1a	Incurred and Paid Claims in Current MLR Period	\$ 494,892,749	\$ (256,051)	\$ 494,636,698
1.1b	IBNR Claims in Current MLR Period	\$ 2,586,147	\$ -	\$ 2,586,147
Adjustments to Incurred Claims				
1.2	Deductions:	\$ 695,017	\$ -	\$ 695,017
1.2a	Prompt pay discounts	\$ -	\$ -	\$ -
1.2b	Overpayment recoveries received from providers	\$ 695,017	\$ -	\$ 695,017
1.3	Inclusions:	\$ 7,498,030	\$ -	\$ 7,498,030
1.3a	Incentive and bonus payments made to providers	\$ 7,498,030	\$ -	\$ 7,498,030
1.3b	Fraud reduction expenses	\$ -	\$ -	\$ -
1.4	Optional Inclusion: Value-Added Services	\$ -	\$ -	\$ -
1.5	Exclusions:	\$ -	\$ -	\$ -
1.5a	Non-Claims Costs	\$ -	\$ -	\$ -
1.5b	Prior year MLR rebates paid to BMS	\$ -	\$ -	\$ -
1.5c	Payments to delegated vendors exceeding amount paid to providers	\$ -	\$ -	\$ -
1.6	Other: Incurred claims assumed	\$ -	\$ -	\$ -
1.7	Adjusted Incurred Claims	\$ 504,281,909	\$ (256,051)	\$ 504,025,857
1.8	Activities that Improve Health Care Quality	\$ 14,490,427	\$ (3,265,338)	\$ 11,225,089
1.8a	HCQI administrative expenses	\$ 14,490,427	\$ (3,281,562)	\$ 11,208,865
1.8b	HIT administrative expenses	\$ -	\$ 16,224	\$ 16,224
1.9	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
1.10	Directed payment program (DPP)	\$ 132,237,324	\$ -	\$ 132,237,324
Medical Loss Ratio Numerator		\$ 651,009,659	\$ (3,521,389)	\$ 647,488,270
Non-Claims Cost (For reporting purposes only, not included in Numerator)				
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$ 48,784,399	\$ 3,521,389	\$ 52,305,789
2.2	Program Integrity Activities [42 CFR §438.608(a)(1) through (5), (7), (8) and (b)]. (Must reconcile to the detail amounts on the Program Integrity Cost tab)	\$ 489,123	\$ -	\$ 489,123
2.3	Adjustments to Non-Claims Cost including amounts removed in the line 1.5 exclusions.	\$ -	\$ -	\$ -
Total Adjusted Non-Claims Cost		\$ 49,273,522	\$ 3,521,389	\$ 52,794,912



**AETNA BETTER HEALTH OF WEST VIRGINIA
ADJUSTED MEDICAL LOSS RATIO**

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

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through December 31, 2021				
		MHT		
		As-Filed Amounts	Adjustment Amounts	Adjusted Amounts
Medical Loss Ratio Denominator				
3.1	Total Annual Capitation Revenue (State Fiscal Year 2021) incl. state HIF payment, state premium tax, and state premium tax settlement	\$ 650,339,411	\$ (1,698,483)	\$ 648,640,928
3.1a	Total Capitation Revenue Including Midyear Accruals and State HIF Payment, State Premium Tax, and State Premium Tax Settlement	\$ 644,392,078	\$ (1,698,483)	\$ 642,693,595
3.1b	Risk Adjustment Received (Owed back)	\$ 5,947,333	\$ -	\$ 5,947,333
3.2	Total Quality Withhold Capitation Revenue (State Fiscal Year 2021)	\$ -	\$ -	\$ -
3.3	Taxes and Regulatory Fees	\$ 37,112,749	\$ 2,088,712	\$ 39,201,461
3.3a	Federal Income Tax	\$ 19,068,376	\$ -	\$ 19,068,376
3.3b	MCO Premium Tax (eff. July 1, 2020) Per Settlement	\$ 12,999,759	\$ 2,088,712	\$ 15,088,471
3.3c	Community Benefit Expense (In lieu of income tax)	\$ -	\$ -	\$ -
3.3d	Licensing and Regulatory Fees	\$ -	\$ -	\$ -
3.3e	Health Insurance Fee (HIF)	\$ 5,044,613	\$ -	\$ 5,044,613
3.4	Reinsurance	\$ 1,325,293	\$ -	\$ 1,325,293
3.4a	Reinsurance Expense	\$ 1,320,004	\$ -	\$ 1,320,004
3.4b	Reinsurance Recoveries	\$ (5,290)	\$ -	\$ (5,290)
3.5	Directed payment program (DPP)	\$ 132,237,324	\$ -	\$ 132,237,324
Medical Loss Ratio Denominator¹		\$ 744,138,692	\$ (8,831,808)	\$ 735,306,884
Medical Loss Ratio Calculation				
4.1	Preliminary MLR	87.5%	0.6%	88.1%
4.2	Credibility Adjustment	0.0%	0.0%	0.0%
Rebate/Risk Corridor Collection				
5.1	MLR Standard (100% rebate below 85% MLR)	85.0%	0.0%	85.0%
5.2	MLR Standard (50% rebate between 85% and 88% MLR; MHT only)	88.0%	0.0%	88.0%
5.3	MLR (Lines 4.1-4.2) - rounded to one decimal	87.5%	0.6%	88.1%
5.4	MLR Rebate Owed to State From MCO (if any)	\$ 1,860,347	No Rebate to State	No Rebate to State
5.5	Risk Corridor Lower Bound (MHP only)	N/A	N/A	N/A
5.6	Risk Corridor Upper Bound (MHP only)	95.0%	0.0%	95.0%
5.7	Percent Rebate Above Upper Bound	80.0%	0.0%	80.0%
5.8	Risk Corridor Payment Amount to MCO From State (MHP only)	No Payment to MCO	No Payment to MCO	No Payment to MCO

¹ The denominator formulas were including the Health Insurance Fee (HIF) related to revenue being included in line 3.1a. Our adjusted MLR denominator excludes the HIF included in line 3.1a.



AETNA BETTER HEALTH OF WEST VIRGINIA
ADJUSTED MEDICAL LOSS RATIO

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

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through December 31, 2021				
		MHP		
		As-Filed Amounts	Adjustment Amounts	Adjusted Amounts
	Member Months	281,669	-	281,669
Medical Loss Ratio Numerator				
1.1	Total Incurred Claims in Current MLR Period (State Fiscal Year 2021)	\$ 97,718,616	\$ 2,826	\$ 97,721,442
1.1a	Incurred and Paid Claims in Current MLR Period	\$ 96,824,597	\$ 2,826	\$ 96,827,423
1.1b	IBNR Claims in Current MLR Period	\$ 894,019	\$ -	\$ 894,019
Adjustments to Incurred Claims				
1.2	Deductions:	\$ (25,439)	\$ -	\$ (25,439)
1.2a	Prompt pay discounts	\$ -	\$ -	\$ -
1.2b	Overpayment recoveries received from providers	\$ (25,439)	\$ -	\$ (25,439)
1.3	Inclusions:	\$ 12,990,755	\$ -	\$ 12,990,755
1.3a	Incentive and bonus payments made to providers	\$ 12,990,755	\$ -	\$ 12,990,755
1.3b	Fraud reduction expenses	\$ -	\$ -	\$ -
1.4	Optional Inclusion: Value-Added Services	\$ -	\$ -	\$ -
1.5	Exclusions:	\$ -	\$ -	\$ -
1.5a	Non-Claims Costs	\$ -	\$ -	\$ -
1.5b	Prior year MLR rebates paid to BMS	\$ -	\$ -	\$ -
1.5c	Payments to delegated vendors exceeding amount paid to providers	\$ -	\$ -	\$ -
1.6	Other: Incurred claims assumed	\$ -	\$ -	\$ -
1.7	Adjusted Incurred Claims	\$ 110,734,810	\$ 2,826	\$ 110,737,636
1.8	Activities that Improve Health Care Quality	\$ 8,213,765	\$ (856,592)	\$ 7,357,173
1.8a	HCOI administrative expenses	\$ 8,213,765	\$ (856,986)	\$ 7,356,779
1.8b	HIT administrative expenses	\$ -	\$ 394	\$ 394
1.9	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
1.10	Directed payment program (DPP)	\$ -	\$ -	\$ -
Medical Loss Ratio Numerator		\$ 118,948,574	\$ (853,766)	\$ 118,094,808
Non-Claims Cost (For reporting purposes only, not included in Numerator)				
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$ 7,343,287	\$ 853,766	\$ 8,197,053
2.2	Program Integrity Activities [42 CFR §438.608(a)(1) through (5), (7), (8) and (b)]. (Must reconcile to the detail amounts on the Program Integrity Cost tab)	\$ 73,625	\$ -	\$ 73,625
2.3	Adjustments to Non-Claims Cost including amounts removed in the line 1.5 exclusions.	\$ -	\$ -	\$ -
Total Adjusted Non-Claims Cost		\$ 7,416,913	\$ 853,766	\$ 8,270,679



AETNA BETTER HEALTH OF WEST VIRGINIA
ADJUSTED MEDICAL LOSS RATIO

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

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through December 31, 2021				
		MHP		
		As-Filed Amounts	Adjustment Amounts	Adjusted Amounts
Medical Loss Ratio Denominator				
3.1	Total Annual Capitation Revenue (State Fiscal Year 2021) incl. state HIF payment, state premium tax, and state premium tax settlement	\$ 149,648,639	\$ (251,933)	\$ 149,396,706
3.1a	Total Capitation Revenue Including Midyear Accruals and State HIF Payment, State Premium Tax, and State Premium Tax Settlement	\$ 149,648,639	\$ (251,933)	\$ 149,396,706
3.1b	Risk Adjustment Received (Owed back)	\$ -	\$ -	\$ -
3.2	Total Quality Withhold Capitation Revenue (State Fiscal Year 2021)	\$ -	\$ -	\$ -
3.3	Taxes and Regulatory Fees	\$ 8,629,201	\$ 314,404	\$ 8,943,605
3.3a	Federal Income Tax	\$ 6,614,426	\$ -	\$ 6,614,426
3.3b	MCO Premium Tax (eff. July 1, 2020) Per Settlement	\$ 2,014,775	\$ 314,404	\$ 2,329,179
3.3c	Community Benefit Expense (In lieu of income tax)	\$ -	\$ -	\$ -
3.3d	Licensing and Regulatory Fees	\$ -	\$ -	\$ -
3.3e	Health Insurance Fee (HIF)	\$ -	\$ -	\$ -
3.4	Reinsurance	\$ 138,716	\$ -	\$ 138,716
3.4a	Reinsurance Expense	\$ 138,716	\$ -	\$ 138,716
3.4b	Reinsurance Recoveries	\$ -	\$ -	\$ -
3.5	Directed payment program (DPP)	\$ -	\$ -	\$ -
Medical Loss Ratio Denominator¹		\$ 141,158,153	\$ (566,337)	\$ 140,591,816
Medical Loss Ratio Calculation				
4.1	Preliminary MLR	84.3%	-0.3%	84.0%
4.2	Credibility Adjustment	1.3%	0.0%	1.3%
Rebate/Risk Corridor Collection				
5.1	MLR Standard (100% rebate below 85% MLR)	85.0%	0.0%	85.0%
5.2	MLR Standard (50% rebate between 85% and 88% MLR; MHT only)	88.0%	0.0%	88.0%
5.3	MLR (Lines 4.1-4.2) - rounded to one decimal	85.6%	-0.3%	85.3%
5.4	MLR Rebate Owed to State From MCO (if any)	No Rebate to State	No Rebate to State	No Rebate to State
5.5	Risk Corridor Lower Bound (MHP only)	N/A	N/A	N/A
5.6	Risk Corridor Upper Bound (MHP only)	95.0%	0.0%	95.0%
5.7	Percent Rebate Above Upper Bound	80.0%	0.0%	80.0%
5.8	Risk Corridor Payment Amount to MCO From State (MHP only)	No Payment to MCO	No Payment to MCO	No Payment to MCO

¹ The MHP population did not include the Health Insurance Fee (HIF) related to revenue in line 3.1a. We did not have to adjust the MLR denominator for for this population.



Schedule of Adjustments and Comments for the State Fiscal Year Ended June 30, 2021

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 adjust dental expense to the certification statement provided by the vendor.

Aetna Better Health of West Virginia reported a net claims amount for dental of \$27,822,043 for MHT and \$9,631,467 for MHP. Additional claims included in reserve for MHT totals \$2,236,438 and included in the calculation for the plan’s reported net claims amount. The dental vendor provided a certification statement that reported incurred claims totaling \$25,370,292 for MHT and \$9,633,382 for MHP. The variances between the net claims amounts reported on the MLR and the vendor certification statements are shown below along with the reclassification of these amounts to non-claims costs. The MLR numerator reporting requirements are addressed in the West Virginia Bureau for Medical Services (BMS) MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR § 438.8(e).

Proposed Adjustment - MHT		
Line #	Line Description	Amount
1.1a	Incurred and Paid Claims in Current MLR Period	(\$215,312)
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$215,312

Proposed Adjustment - MHP		
Line #	Line Description	Amount
1.1a	Incurred and Paid Claims in Current MLR Period	\$1,915
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	(\$1,915)

Adjustment #2 – To adjust vision expense to the certification statement provided by the vendor.

Aetna Better Health of West Virginia reported a net claims amount for vision of \$2,690,597 for MHT and \$1,424,931 for MHP. The vision vendor provided a certification statement that reported incurred claims totaling \$2,649,858 for MHT and \$1,425,842 for MHP. The variances between the net claims amounts reported on the MLR and the vendor certification statements are noted below along with the reclassification of these amounts to non-claims costs. The MLR numerator reporting requirements are addressed in the West Virginia Bureau for Medical Services (BMS) MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR § 438.8(e).



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed Adjustment - MHT		
Line #	Line Description	Amount
1.1a	Incurred and Paid Claims in Current MLR Period	(\$40,739)
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$40,739

Proposed Adjustment - MHP		
Line #	Line Description	Amount
1.1a	Incurred and Paid Claims in Current MLR Period	\$911
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	(\$911)

Adjustment #3 – To remove non-allowable Health Care Quality Improvement (HCQI) items found in the plan’s supporting documentation.

Aetna Better Health of West Virginia reported the following HCQI amounts total for MHT and MHP respectively: \$14,490,427 and \$8,213,765. Based on supporting documentation for the as-filed HCQI amounts for each population, Myers and Stauffer determined that some of the sampled job descriptions contained items that were not allowable per 45 CFR § 158.150. Expenses related to these jobs were removed from line 1.8a for both MHT and MHP and reclassified to non-claims cost as shown below. The MLR numerator reporting requirements are addressed in the West Virginia Bureau for Medical Services (BMS) MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR § 438.8(e).

Proposed Adjustment - MHT		
Line #	Line Description	Amount
1.8a	HCQI administrative expenses	(\$3,265,338)
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$3,265,338

Proposed Adjustment - MHP		
Line #	Line Description	Amount
1.8a	HCQI administrative expenses	(\$856,592)
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$856,592

Adjustment #4 – To reclassify non-allowable Health Care Quality Improvement (HCQI) activity to Health Information Technology (HIT).

Aetna Better Health of West Virginia reported the following HIT amounts total for MHT and MHP respectively: \$14,490,427 and \$8,213,765. Myers and Stauffer determined that there were non-allowable expenses in HCQI that could be reclassified to HIT as shown below. The MLR numerator



SCHEDULE OF ADJUSTMENTS AND COMMENTS

reporting requirements are addressed in the West Virginia Bureau for Medical Services (BMS) MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR § 438.8(e).

Proposed Adjustment - MHT		
Line #	Line Description	Amount
1.8a	HCQI administrative expenses	(\$16,224)
1.8b	HIT administrative expenses	\$16,224

Proposed Adjustment - MHP		
Line #	Line Description	Amount
1.8a	HCQI administrative expenses	(\$394)
1.8b	HIT administrative expenses	\$394

Adjustment #5 – To adjust capitation revenue and premium tax to the verified State amounts.

Aetna Better Health of West Virginia reported premium revenue in the amounts of \$644,392,078 for MHT and \$149,648,639 for MHP on line 3.1a of the as-filed MLR. The State data supported premium revenue of \$642,754,758 for MHT and \$147,737,271 for MHP. The variance between the as-filed amounts and the State data will be adjusted for as shown below. Aetna Better Health of West Virginia also reported premium tax in the amounts of \$12,999,759 for MHT and \$2,014,775 on line 3.3b of the as-filed MLR. The State data received supported \$15,402,875 for both MHT and MHP populations combined. The total premium tax variance of \$2,403,116 was then allocated to each population based on member months. The variance between the as-filed amounts and the allocated State data will be adjusted for as shown below. The MLR denominator reporting requirements are addressed in the West Virginia Bureau for Medical Services (BMS) MLR Reporting Guide and the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

Proposed Adjustment - MHT		
Line #	Line Description	Amount
3.1a	Total Capitation Revenue Including Midyear Accruals and State HIF Payment, State Premium Tax, and State Premium Tax Settlement	(\$1,698,483)
3.3b	MCO Premium Tax (eff. July 1, 2020) Per Settlement	\$2,088,712

Proposed Adjustment - MHP		
Line #	Line Description	Amount
3.1a	Total Capitation Revenue Including Midyear Accruals and State HIF Payment, State Premium Tax, and State Premium Tax Settlement	(\$251,933)
3.3b	MCO Premium Tax (eff. July 1, 2020) Per Settlement	\$314,404