

The background features a blurred image of a person 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 on the page.

**THE HEALTH PLAN OF WEST
VIRGINIA, INC.**

**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



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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 The Health Plan of West Virginia, Inc. ("The Health Plan") Managed Care Organization for the state fiscal year ended June 30, 2021. The Health Plan of West Virginia, Inc.'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 the Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) for the Mountain Health Trust (MHT) population the state fiscal year ended June 30, 2021; however, it does not exceed the state remittance requirement of eighty-eight percent (88%).



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 The Health Plan of West Virginia, Inc. 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 7, 2023



THE HEALTH PLAN OF WEST VIRGINIA, INC.
ADJUSTED MEDICAL LOSS RATIO

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

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through December 31, 2021				
Line #	Line Description	MHT		
		As-Filed Amounts	Adjustment Amounts	Adjusted Amounts
	Member Months	1,287,871	-	1,287,871
Medical Loss Ratio Numerator				
1.1	Total Incurred Claims in Current MLR Period (State Fiscal Year 2021)	\$ 371,544,946	\$ (54,692)	\$ 371,490,254
1.1a	Incurred and Paid Claims in Current MLR Period	\$ 368,085,736	\$ (54,692)	\$ 368,031,044
1.1b	IBNR Claims in Current MLR Period	\$ 3,459,210	\$ -	\$ 3,459,210
	Adjustments to Incurred Claims			
1.2	Deductions:	\$ 390,015	\$ -	\$ 390,015
1.2a	Prompt pay discounts	\$ -	\$ -	\$ -
1.2b	Overpayment recoveries received from providers	\$ 390,015	\$ -	\$ 390,015
1.3	Inclusions:	\$ 7,810,334	\$ -	\$ 7,810,334
1.3a	Incentive and bonus payments made to providers	\$ 7,810,334	\$ -	\$ 7,810,334
1.3b	Fraud reduction expenses	\$ -	\$ -	\$ -
1.4	Optional Inclusion: Value-Added Services	\$ -	\$ -	\$ -
1.5	Exclusions:	\$ 396,573	\$ -	\$ 396,573
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	\$ 396,573	\$ -	\$ 396,573
1.6	Other: Incurred claims assumed	\$ -	\$ -	\$ -
1.7	Adjusted Incurred Claims	\$ 378,568,692	\$ (54,692)	\$ 378,514,000
1.8	Activities that Improve Health Care Quality¹	\$ 6,496,104	\$ (704,275)	\$ 5,791,829
1.8a	HCQI administrative expenses	\$ 4,812,730	\$ (760,517)	\$ 4,052,213
1.8b	HIT administrative expenses	\$ 1,683,374	\$ 56,242	\$ 1,739,616
1.9	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
1.10	Directed payment program (DPP)	\$ 80,745,950	\$ -	\$ 80,745,950
	Medical Loss Ratio Numerator	\$ 465,810,746	\$ (758,967)	\$ 465,051,779
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)	\$ 22,884,887	\$ 758,967	\$ 23,643,854
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)	\$ 378,347	\$ -	\$ 378,347
2.3	Adjustments to Non-Claims Cost including amounts removed in the line 1.5 exclusions.	\$ 396,573	\$ -	\$ 396,573
	Total Adjusted Non-Claims Cost	\$ 23,659,807	\$ 758,967	\$ 24,418,774



THE HEALTH PLAN OF WEST VIRGINIA, INC.
ADJUSTED MEDICAL LOSS RATIO

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

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2021 Paid Through December 31, 2021				
Line #	Line Description	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	\$ 466,154,326	\$ -	\$ 466,154,326
3.1a	Total Capitation Revenue Including Midyear Accruals and State HIF Payment, State Premium Tax, and State Premium Tax Settlement	\$ 467,039,955	\$ -	\$ 467,039,955
3.1b	Risk Adjustment Received (Owed back)	\$ (885,629)	\$ -	\$ (885,629)
3.2	Total Quality Withhold Capitation Revenue (State Fiscal Year 2021)	\$ -	\$ -	\$ -
3.3	Taxes and Regulatory Fees	\$ 14,537,856	\$ -	\$ 14,537,856
3.3a	Federal Income Tax	\$ -	\$ -	\$ -
3.3b	MCO Premium Tax (eff. July 1, 2020) Per Settlement	\$ 14,537,856	\$ -	\$ 14,537,856
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	\$ 950,864	\$ -	\$ 950,864
3.4a	Reinsurance Expense	\$ 950,864	\$ -	\$ 950,864
3.4b	Reinsurance Recoveries	\$ -	\$ -	\$ -
3.5	Directed payment program (DPP)	\$ 80,745,950	\$ -	\$ 80,745,950
Medical Loss Ratio Denominator		\$ 531,411,556	\$ -	\$ 531,411,556
Medical Loss Ratio Calculation				
4.1	Preliminary MLR	87.7%	-0.2%	87.5%
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	87.7%	-0.2%	87.5%
5.4	MLR Rebate Owed to State From MCO (if any)	\$ 797,117	\$ 531,412	\$ 1,328,529
5.5	Risk Corridor Lower Bound (MHP only)	N/A	N/A	N/A
5.6	Risk Corridor Upper Bound (MHP only)	N/A	N/A	N/A
5.7	Percent Rebate Above Upper Bound	N/A	N/A	N/A
5.8	Risk Corridor Payment Amount to MCO From State (MHP only)	N/A	N/A	N/A



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 provider.

The Health Plan reported \$13,816,182 in Skygen paid dental expense on line 1.1a of the as-filed MLR. The dental vendor, Skygen, provided a certification statement with the incurred claims totaling \$13,761,490. The variance of \$54,692 between the as-filed amounts and the certification statement provided by the vendor will be reclassified to non-claims costs 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		
Line #	Line Description	Amount
1.1a	Incurred and Paid Claims in Current MLR Period	(\$54,692)
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$54,692

Adjustment #2 – To remove Health Care Quality Improvement (HCQI) vendor costs due to lack of sufficient supporting documentation.

The Health Plan reported \$4,812,730 in HCQI Administrative Expense on line 1.8a of the as-filed MLR. \$760,517 of that expense is related to vendor EviCore who was unable to provide sufficient supporting documentation for their HCQI expense. The expense related to EviCore will be reclassified to non-claims costs 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		
Line #	Line Description	Amount
1.8a	HCQI Administrative Expenses	(\$760,517)
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$760,517



Adjustment #3 – To adjust Health Information Technology (HIT) vendor costs.

The Health Plan reported \$1,683,374 in HIT administrative expense on line 1.8b of the as-filed MLR. Of the reported HIT expense, \$541,827 is related to the vendor Optum Insight, Inc. After reviewing the supporting documentation for this vendor, we determined that \$632,260 of the vendor costs were allowable. The variance of \$90,432 for this vendor will be reclassified from non-claims to HIT expenses for 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		
Line #	Line Description	Amount
1.8b	HIT Administrative Expenses	\$90,432
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	(\$90,432)

Adjustment #4 – To remove non-allowable Health Information Technology (HIT) vendor costs.

The Health Plan reported \$1,683,374 in HIT administrative expense on line 1.8b of the as-filed MLR. Of the reported HIT expense, \$9,460 is related to the vendor Health Management Associates and \$24,730 is related to the vendor DTS Group. After reviewing the contract for both of these vendors, we determined the costs were not allowable per 45 CFR § 158.150 and removed from line 1.8b. The overall adjustment to line 1.8b is \$34,190 which will be reclassified from HIT administrative expenses to non-claims costs 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		
Line #	Line Description	Amount
1.8b	HIT Administrative Expenses	(\$34,190)
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$34,190