

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.

UNICARE HEALTH PLAN OF
WEST VIRGINIA, INC.

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

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.....	6



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 UniCare Health Plan of West Virginia, Inc. ("UniCare") Managed Care Organization for the state fiscal year ended June 30, 2021. UniCare 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 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 Trust Health (MHT) population for 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 UniCare 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
May 25, 2023



UNICARE HEALTH PLAN OF WEST VIRGINIA, INC.
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				
Line #	Line Description	MHT		
		As-Filed Amounts	Adjustment Amounts	Adjusted Amounts
	Member Months	2,080,915	-	2,080,915
Medical Loss Ratio Numerator				
1.1	Total Incurred Claims in Current MLR Period (State Fiscal Year 2021)	\$ 516,019,387	\$ 537,735	\$ 516,557,122
1.1a	Incurred and Paid Claims in Current MLR Period	\$ 510,241,827	\$ 507,893	\$ 510,749,720
1.1b	IBNR Claims in Current MLR Period	\$ 5,777,560	\$ 29,842	\$ 5,807,402
Adjustments to Incurred Claims				
1.2	Deductions:	\$ -	\$ -	\$ -
1.2a	Prompt pay discounts	\$ -	\$ -	\$ -
1.2b	Overpayment recoveries received from providers	\$ -	\$ -	\$ -
1.3	Inclusions:	\$ 3,350,836	\$ 4,007,641	\$ 7,358,477
1.3a	Incentive and bonus payments made to providers	\$ 3,006,566	\$ 4,007,641	\$ 7,014,207
1.3b	Fraud reduction expenses	\$ 344,270	\$ -	\$ 344,270
1.4	Optional Inclusion: Value-Added Services	\$ 131,362	\$ -	\$ 131,362
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	\$ 519,501,585	\$ 4,545,376	\$ 524,046,961
1.8	Activities that Improve Health Care Quality¹	\$ 16,189,070	\$ (3,812,571)	\$ 12,376,499
1.8a	HCQI administrative expenses	\$ 13,465,778	\$ (3,812,571)	\$ 9,653,207
1.8b	HIT administrative expenses	\$ 2,723,293	\$ -	\$ 2,723,293
1.9	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
1.10	Directed payment program (DPP)	\$ 132,779,758	\$ -	\$ 132,779,758
Medical Loss Ratio Numerator		\$ 668,470,413	\$ 732,805	\$ 669,203,218
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)	\$ 39,193,872	\$ 3,304,678	\$ 42,498,550
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)	\$ -	\$ -	\$ -
2.3	Adjustments to Non-Claims Cost including amounts removed in the line 1.5 exclusions.	\$ -	\$ -	\$ -
Total Adjusted Non-Claims Cost		\$ 39,193,872	\$ 3,304,678	\$ 42,498,550



UNICARE HEALTH PLAN OF WEST VIRGINIA, INC.
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				
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	\$ 698,948,566	\$ (10,559,096)	\$ 688,389,470
3.1a	Total Capitation Revenue Including Midyear Accruals and State HIF Payment, State Premium Tax, and State Premium Tax Settlement	\$ 693,886,862	\$ (435,688)	\$ 693,451,174
3.1b	Risk Adjustment Received (Owed back)	\$ 5,061,704	\$ (10,123,408)	\$ (5,061,704)
3.2	Total Quality Withhold Capitation Revenue (State Fiscal Year 2021)	\$ -	\$ -	\$ -
3.3	Taxes and Regulatory Fees	\$ 47,631,468	\$ (5,687,757)	\$ 41,943,711
3.3a	Federal Income Tax	\$ 24,944,776	\$ (3,419,713)	\$ 21,525,063
3.3b	MCO Premium Tax (eff. July 1, 2020) Per Settlement	\$ 17,598,925	\$ (2,268,044)	\$ 15,330,881
3.3c	Community Benefit Expense (In lieu of income tax)	\$ -	\$ -	\$ -
3.3d	Licensing and Regulatory Fees	\$ -	\$ -	\$ -
3.3e	Health Insurance Fee (HIF)	\$ 5,087,767	\$ -	\$ 5,087,767
3.4	Reinsurance	\$ -	\$ -	\$ -
3.4a	Reinsurance Expense	\$ -	\$ -	\$ -
3.4b	Reinsurance Recoveries	\$ -	\$ -	\$ -
3.5	Directed payment program (DPP)	\$ 132,779,758	\$ -	\$ 132,779,758
Medical Loss Ratio Denominator²		\$ 784,096,856	\$ (9,959,106)	\$ 774,137,750
Medical Loss Ratio Calculation				
4.1	Preliminary MLR	85.3%	1.1%	86.4%
4.2	Credibility Adjustment	0.0%	0.0%	0.0%
4.3	MLR Percentage based on CMS Guidance			86.4%
4.4	Additional HCQI Costs Approved by BMS ³		\$ 2,000,000	\$ 2,000,000
4.5	MLR Percentage Used for Remittance Purposes ³			86.7%
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	85.3%	1.1%	86.4%
5.4	MLR Rebate Owed to State From MCO (if any)	\$ 10,585,308	\$ (5,553,412)	\$ 5,031,895
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

¹ BMS approved Community Investment payments of \$2,000,000 to be included in the as-filed MLR as Health Care Quality Improvement. However, these payments are not allowable in the MLR per CMS guidance. Our adjustment to HCQI includes our removal of the Community Investment payments and a reclassification to non-claims cost.

² 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.

³ Since BMS approved the \$2,000,000 Community Investment payment, we will include it in our calculation of the MLR rebate to determine the rebate owed to the state from the MCO.



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 vision expense to the certification statement provided by the vendor.

UniCare reported \$3,303,861 in vision expense on line 1.1a of the as-filed MLR. The vision vendor, VSP, provided a certification statement with the incurred claims totaling \$3,830,976. The variance of \$527,115 between the as-filed amounts and the certification statement provided by the vendor will be reclassified from non-claims cost to incurred claims 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	\$527,115
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	(\$527,115)

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

UniCare reported \$33,145,316 in dental expense on line 1.1a of the as-filed MLR. The dental vendor, Skygen, provided a certification statement with the incurred claims totaling \$33,126,094. The variance of \$19,222 between the as-filed amounts and the certification statement provided by the vendor will be reclassified from incurred claims 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	(\$19,222)
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$19,222



Adjustment #3 – To adjust Incurred but Not Received (IBNR) claims to the verified amount.

UniCare reported \$5,777,560 in IBNR claims on line 1.1b of the as-filed MLR. UniCare provided lag tables that supported \$5,807,402 in IBNR claims. The variance of \$29,842 between the as-filed amount and the lag tables provided by the plan will be adjusted 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
1.1b	IBNR Claims in Current MLR Period	\$29,842

Adjustment #4 – To adjust the incentives and bonus payments to the verified amounts.

UniCare reported \$3,006,566 in incentive and bonus payments made to providers on line 1.3a of the as-filed MLR. The documentation provided for this item supported \$7,014,207 in incentive and bonus payments. The variance of \$4,007,641 between the as-filed amount and the supporting documentation will be adjusted 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
1.3a	Incentive and bonus payments made to providers	\$4,007,641

Adjustment #5 – To remove non-allowable community investment payments from Health Care Quality Improvement (HCQI).

UniCare included \$2,000,000 of community investment payments as part of HCQI expenses on line 1.8a of the as-filed MLR. According to CMS regulation found in 45 CFR § 158.150, these types of payments are not allowable HCQI expenses. The community investment payments will be reclassified to line 2.1. UniCare's MLR remittance will not be impacted by this adjustment since the Bureau for Medical Services (BMS), approved these payments as HCQI. The remittance calculation for UniCare was updated to exclude this adjustment. 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	(\$2,000,000)
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$2,000,000

Adjustment #6 – To remove non-allowable Health Care Quality Improvement (HCQI) items found in the plan’s supporting documentation.

UniCare reported \$16,189,070 in activities that improve health care quality on line 1.8a of the as-filed MLR. In our review of sampled HCQI departments, we found indirect overhead costs and HCQI jobs that are non-allowable and should be excluded from HCQI expenses according to 45 CFR § 158.150. The variance between the amounts reported on the as-filed MLR and our updated HCQI amounts will be reclassified from HCQI to non-claims 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	(\$1,812,571)
2.1	Non-Claims Cost (Excluding amounts reported on lines 2.2 and 2.3)	\$1,812,571

Adjustment #7 – To adjust capitation revenue and premium tax to the verified State amounts.

UniCare reported \$693,886,862 in premium revenue and \$17,598,925 in premium tax on lines 3.1a and 3.3b of the as-filed MLR. The State data we received supported \$693,451,174 for the premium revenue and \$15,330,881 for premium tax. The variance between the as-filed amounts and the 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		
Line #	Line Description	Amount
3.1a	Total Capitation Revenue Including Midyear Accruals and State HIF Payment, State Premium Tax, and State Premium Tax Settlement	(\$435,688)
3.3b	MCO Premium Tax (eff. July 1, 2020) Per Settlement	(\$2,268,044)



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Adjustment #8 – To adjust the risk adjustment accrual to the verified State amount.

UniCare reported \$5,061,704 in risk adjustment accrual received on line 3.1b of the as-filed MLR. The State data we received for the risk adjustment accrual supported \$(5,061,704). UniCare confirmed that they incorrectly reported the risk adjustment accrual as a positive on the as-filed MLR. The variance of \$10,123,408 between the as-filed amount and the State verified amount 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		
Line #	Line Description	Amount
3.1b	Risk Adjustment Received (Owed back)	(\$10,123,408)

Adjustment #9 – To adjust federal income tax based on revenue adjustments.

UniCare reported federal income tax amounts of \$24,944,776 on line 3.3a of the as-filed MLR. Based on our adjustments to revenue in adjustments 7 and 8, we recalculated the income tax amount to \$21,525,063. The variance of \$3,419,713 between what was reported on the as-filed and what was recalculated 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		
Line #	Line Description	Amount
3.3a	Federal Income Tax	(\$3,419,713)