



**Magellan Complete Care of
Virginia, LLC
Commonwealth Coordinated
Care Plus
Medicaid Managed Care Program**

**Report on Adjusted Medical Loss Ratio and
Adjusted Underwriting Gain Rebate
Calculations**

With Independent Accountant's Report Thereon

For the period of January 1, 2020 through
June 30, 2020



**MYERS AND
STAUFFER**
CERTIFIED PUBLIC ACCOUNTANTS



Table of Contents

■ Table of Contents	1
■ Independent Accountant’s Report	2
■ Adjusted Medical Loss Ratio for the Period Ending June 30, 2020	4
• Non-Expansion	4
• Expansion	5
■ Adjusted Underwriting Gain for the Period Ending June 30, 2020.....	6
• Non-Expansion	6
■ Schedule of Adjustments and Comments for the Period Ending June 30, 2020	7

Independent Accountant's Report

Virginia Department of Medical Assistance Services
Richmond, Virginia

We have examined the accompanying Adjusted Medical Loss Ratio and Adjusted Underwriting Gain Rebate Calculations of Magellan Complete Care of Virginia, LLC (Magellan) related to the Commonwealth Coordinated Care Plus Program (CCC Plus) for the period of January 1, 2020 through June 30, 2020. Magellan's management is responsible for presenting the Medical Loss Ratio and Underwriting Gain Rebate Calculations in accordance with the criteria set forth in the CCC Plus contract and Centers for Medicare & Medicaid Services (CMS) federal guidance (criteria). This criteria was used to prepare the Adjusted Medical Loss Ratio and Adjusted Underwriting Gain Rebate Calculations. Our responsibility is to express an opinion on the Adjusted Medical Loss Ratio and Adjusted Underwriting Gain Rebate Calculations 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 and Adjusted Underwriting Gain Rebate Calculations are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Adjusted Medical Loss Ratio and Adjusted Underwriting Gain Rebate Calculations. 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 and Adjusted Underwriting Gain Rebate Calculations, 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 and Adjusted Underwriting Gain Rebate Calculations were 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.

In our opinion, the above referenced accompanying Adjusted Medical Loss Ratio and Adjusted Underwriting Gain Rebate Calculations are presented in accordance with the above referenced criteria, in all material respects, for the period of January 1, 2020 through June 30, 2020. Related to non-expansion, the Adjusted Medical Loss Ratio (MLR) Percentage Achieved exceeds the minimum requirement of eighty-five percent (85%) and the Adjusted Underwriting Gain Percentage Achieved does not exceed the maximum requirement of three percent (3%). Related to expansion, the Adjusted MLR Percentage Achieved exceeds the minimum requirement of eighty-five percent (85%) and the Underwriting Gain is not applicable per contractual requirements.



This report is intended solely for the information and use of the Virginia Department of Medical Assistance Services and Magellan and is not intended to be and should not be used by anyone other than these specified parties.

Myers and Stauffer LC
Glen Allen, Virginia
August 15, 2022



Adjusted Medical Loss Ratio for the Period Ending June 30, 2020

Non-Expansion

Line #	Revenue or Expense	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Medical Loss Ratio Numerator				
1.1	Claims	\$209,931,532	(\$1,367,977)	\$208,563,555
1.2	Improving health care quality expenses	\$6,989,041	\$0	\$6,989,041
1.3	Total Adjusted MLR Numerator	\$216,920,573	(\$1,367,977)	\$215,552,596
Medical Loss Ratio Denominator				
2.1	Revenue	\$239,172,568	\$3,351,916	\$242,524,484
2.2	Federal and State taxes and licensing or regulatory fees	\$1,510,324	\$3,659,758	\$5,170,082
2.3	Total Adjusted MLR Denominator	\$237,662,244	(\$307,842)	\$237,354,402
Credibility Adjustment				
3.1	Member Months to determine credibility	244,870	0	244,870
3.2	Credibility adjustment	1.4%		1.4%
MLR Calculation				
4.1	Unadjusted MLR	91.3%		90.8%
4.2	Credibility adjustment	1.4%		1.4%
4.3	Adjusted MLR	92.7%		92.2%
Remittance Calculation				
5.1	Is plan membership above the minimum credibility value? (Y/N)	Y		Y
5.2	MLR Standard	85.0%		85.0%
5.3	Adjusted MLR	92.7%		92.2%
5.4	MLR denominator	\$237,662,244		\$237,354,402
5.5	Remittance amount due to State for Coverage Year	\$0		\$0



MAGELLAN COMPLETE CARE OF VIRGINIA, LLC

ADJUSTED MEDICAL LOSS RATIO

Expansion

Line #	Revenue or Expense	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Medical Loss Ratio Numerator				
1.1	Claims	\$41,097,173	(\$4,227,519)	\$36,869,654
1.2	Improving health care quality expenses	\$1,132,404	\$0	\$1,132,404
1.3	Total Adjusted MLR Numerator	\$42,229,577	(\$4,227,519)	\$38,002,058
Medical Loss Ratio Denominator				
2.1	Revenue	\$45,219,381	(\$4,044,515)	\$41,174,866
2.2	Federal and State taxes and licensing or regulatory fees	\$89,610	\$528,840	\$618,450
2.3	Total Adjusted MLR Denominator	\$45,129,771	(\$4,573,355)	\$40,556,416
Credibility Adjustment				
3.1	Member Months to determine credibility	37,140	0	37,140
3.2	Credibility adjustment	3.4%		3.4%
MLR Calculation				
4.1	Unadjusted MLR	93.6%		93.7%
4.2	Credibility adjustment	3.4%		3.4%
4.3	Adjusted MLR	97.0%		97.1%
Remittance Calculation				
5.1	Is plan membership above the minimum credibility value? (Y/N)	Y		Y
5.2	MLR Standard	85.0%		85.0%
5.3	Adjusted MLR	97.0%		97.1%
5.4	MLR denominator	\$45,129,771		\$40,556,416
5.5	Remittance amount due to State for Coverage Year	N/A		N/A



Adjusted Underwriting Gain for the Period Ending June 30, 2020

Non-Expansion

Line #	Revenue or Expense	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Medical Loss Ratio Denominator				
1.1	Revenue	\$239,172,568	\$19,719	\$239,192,287
1.2	Federal and State taxes and licensing or regulatory fees	\$1,510,324	\$1,379,549	\$2,889,873
1.3	Total Adjusted Underwriting Gain Denominator	\$237,662,244	\$1,399,268	\$236,302,414
Medical Expenses				
2.1	Claims	\$209,931,532	(\$1,367,977)	\$208,563,555
2.2	Improving health care quality expenses	\$6,989,041	\$0	\$6,989,041
2.3	Total Adjusted Underwriting Gain Claims Expenses	\$216,920,573	(\$1,367,977)	\$215,552,596
Non-Claims Costs				
3.1	Administrative Expenses	\$16,807,987	\$0	\$16,807,987
3.2	Less: Unallowable Expenses	(\$15,804)	\$0	(\$15,804)
3.3	Allowable Administrative Expenses	\$16,792,183	\$0	\$16,792,183
Underwriting Gain				
4.1	Underwriting Gain \$	\$3,949,488		\$3,957,635
4.1	Less: Remittance Amount Due to State for Coverage Year	\$0		\$0
4.2	Adjusted Underwriting Gain \$	\$3,949,488		\$3,957,635
4.3	Underwriting Gain %	1.7%		1.7%
Underwriting Gain Remittance Calculation				
5.1	Member Month Requirement Met?	Y		Y
5.2	At least 12 months contract experience at the beginning of the Contract Year?	Y		Y
5.3	Percent to Remit	0.0%		0.0%
5.4	Amount to Remit	\$0		\$0



Schedule of Adjustments and Comments for the Period Ending June 30, 2020

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.

Non-Expansion Adjustment #1 – To adjust revenues to agree with 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 reporting period. Revenue was adjusted per the state's data to reflect all payments, including capitation payments, patient payments, Health Insurer Fee (HIF) payments, Rx reinsurance payments, directed payments, and performance withhold payments. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2) and 45 CFR § 158.130.

Proposed MLR Adjustment		
Line #	Line Description	Amount
2.1	Revenue	\$3,351,916

Proposed Underwriting Gain Adjustment		
Line #	Line Description	Amount
1.1	Revenue	\$3,351,916

Non-Expansion Adjustment #2 – To adjust to remove Health Insurer Fee (HIF) revenue included in the Underwriting Gain calculation.

HIF revenue was included in the Underwriting Gain calculation through Non-Expansion Adjustment #1. HIF revenue has been removed from the Underwriting Gain per the CCC Plus MCO Contract, Section 19.8.

Proposed Underwriting Gain Adjustment		
Line #	Line Description	Amount
1.1	Revenue	(\$3,332,197)



Non-Expansion Adjustment #3 – To adjust to include HIF expense in the MLR calculation.

The health plan excluded HIF expense from Federal and State taxes and licensing or regulatory fees. This expense was recorded in full for the calendar year to the trial balance. Taxes and licensing or regulatory fees were adjusted to include six months of HIF expense, to align with the reporting period. The Federal and State licensing and regulatory fee reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3) and 45 CFR § 158.161.

Proposed MLR Adjustment		
Line #	Line Description	Amount
2.2	Federal and State taxes and licensing or regulatory fees	\$2,280,209

Non-Expansion Adjustment #4 – To adjust income tax expense to verified amounts.

The health plan calculated the state and federal taxes utilizing effective tax rates for 2020 and applying it to an underwriting gain calculation. The adjusted tax expense was calculated using the adjusted revenues and expense and using a combined tax rate applicable to the period. The tax reporting requirements are addressed in the Medical Loss Ratio (MLR) Requirements, the Medicaid Managed Care Final Rule 42 § 438.8(f)(3) and 45 § CFR 158.162.

Proposed MLR Adjustment		
Line #	Line Description	Amount
2.2	Federal and State taxes and licensing or regulatory fees	\$1,379,549

Proposed Underwriting Gain Adjustment		
Line #	Line Description	Amount
1.2	Federal and State taxes and licensing or regulatory fees	\$1,379,549

Non-Expansion Adjustment #5 – To adjust directed payments included in claims to agree with state data.

The health plan properly included directed payments in the numerator and the denominator of the MLR calculation. Revenues were previously adjusted to agree with state data through Non-Expansion Adjustment #1. The associated expense included in incurred claims were adjusted to agree with state data. The revenue and claims reporting requirements are addressed in the Medical Loss Ratio (MLR) Requirements, the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2), CFR § 438.8(f)(2), and 45 CFR § 158.130.



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed MLR Adjustment		
Line #	Line Description	Amount
1.1	Claims	(\$1,367,977)

Proposed Underwriting Gain Adjustment		
Line #	Line Description	Amount
2.1	Claims	(\$1,367,977)



Expansion Adjustment #1 – To adjust revenues to agree with 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 reporting period. Revenue was adjusted per the state's data to reflect all payments, including capitation payments, patient payments, Health Insurer Fee (HIF) payments, Rx reinsurance payments, directed payments, risk corridor recoupments, and performance withhold payments. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2) and 45 CFR § 158.130.

Proposed MLR Adjustment		
Line #	Line Description	Amount
2.1	Revenue	(\$4,044,515)

Expansion Adjustment #2 – To adjust to include HIF expense in the MLR calculation.

The health plan excluded HIF expense from Federal and State taxes and licensing or regulatory fees. This expense was recorded in full for the calendar year to the trial balance. Taxes and licensing or regulatory fees were adjusted to include six months of HIF expense, to align with the reporting period. The Federal and State licensing and regulatory fee reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3) and 45 CFR § 158.161.

Proposed MLR Adjustment		
Line #	Line Description	Amount
2.2	Federal and State taxes and licensing or regulatory fees	\$528,840

Expansion Adjustment #3 – To adjust directed payments included in claims to agree with state data.

The health plan properly included directed payments in the numerator and the denominator of the MLR calculation. Revenues were previously adjusted to agree with state data through Expansion Adjustment #1. The associated expense included in incurred claims were adjusted to agree with state data. The revenue and claims reporting requirements are addressed in the Medical Loss Ratio (MLR) Requirements, the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2), CFR § 438.8(f)(2), and 45 CFR § 158.130.

Proposed MLR Adjustment		
Line #	Line Description	Amount
1.1	Claims	(\$4,227,519)



The Virginia Department of Medical Assistance Services had no comments on the draft report.



July 20, 2022

Michael Fotinos, Chief Financial Officer
Magellan Complete Care of Virginia
3829 Gaskins Road
Richmond, VA 23233

Dear Mr. Fotinos:

Please acknowledge whether you accept or disagree with our proposed adjustments summarized below and applicable to our examination of Magellan Complete Care of Virginia's CCC Plus MLR and Underwriting Gain rebate calculations for the period of January 1, 2020 through June 30, 2020. Also, please explain any disagreement you may have with the proposed issues.

Please provide your response by July 25, 2022.

**Magellan Complete Care of Virginia CCC Plus
January 1, 2020 through June 30, 2020
Non-Expansion**

Adjustment	MCO's Response	
1. To adjust revenues to agree with state data.	Accept <u> x </u>	Disagree _____
2. To remove Health Insurer Fee (HIF) revenue included in the Underwriting Gain calculation.	Accept <u> x </u>	Disagree _____
3. To adjust to include HIF expense in the MLR calculation.	Accept <u> x </u>	Disagree _____
4. To adjust income tax expense to verified amounts.	Accept <u> x </u>	Disagree _____
5. To adjust directed payments included in claims to agree with state data.	Accept <u> x </u>	Disagree _____



**Magellan Complete Care of Virginia CCC Plus
January 1, 2020 through June 30, 2020
Expansion**

Adjustment	MCO's Response	
1. To adjust revenues to agree with state data.	Accept <u> x </u>	Disagree _____
2. To adjust to include HIF expense in the MLR calculation.	Accept <u> x </u>	Disagree _____
3. To adjust directed payments included in claims to agree with state data.	Accept <u> x </u>	Disagree _____

Acknowledged by:
MAGELLAN COMPLETE CARE OF VIRGINIA

Michael Fotinos

Officer or other Authorized Person

July 20, 2022

Date