



April 10, 2023

Iowa Department of Health and Human Services
Joanne Bush, Bureau Chief Managed Care Reporting and Oversight
321 E 12th Street
Des Moines, IA 50319

Ms. Bush,

Enclosed is the amended independent accountant's report on the Adjusted Medical Loss Ratio of MCNA Insurance Company (MCNA) for the state fiscal year ended June 30, 2021. As you are aware, we changed the Health Insurer Fee revenue amount to exclude the gross up for state corporate income taxes and lowered the federal corporate income tax gross up to twenty-one percent based on discussions with Iowa Medicaid.

Please destroy all copies of the previously issued report(s) dated December 13, 2022. Please share the amended report with all parties previously receiving a copy of the original report and ask them to destroy all original report copies.

If you have any questions, do not hesitate to contact us.

Sincerely,

Myers and Stauffer LC

The background features a blurred medical scene with a green overlay. A large white cross is centered over a person's head. To the right, a syringe is shown in a white outline. On the left, there are icons for a pill, a virus, a stethoscope, and a group of three people. The text is positioned on a dark grey diagonal band on the right side of the page.

MCNA INSURANCE COMPANY
Dental Wellness Plan
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 Iowa
Department of Human Services, Iowa Medicaid Enterprise
Des Moines, Iowa

Independent Accountant's Report

We have examined the Medical Loss Ratio Calculation of MCNA Insurance Company (health plan) for the state fiscal year ended June 30, 2021. The health plan's management is responsible for presenting information contained in the Medical Loss Ratio Calculation 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 relating to our engagement.

The accompanying Adjusted Medical Loss Ratio was prepared from information contained in the Medical Loss Ratio 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 Ratio is presented in accordance with the criteria, in all material respects, and the Adjusted Medical Loss Ratio does not exceed the state requirement of eighty-eight percent (88%) for the state fiscal year ended June 30, 2021.

This report is intended solely for the information and use of the Iowa Medicaid Enterprise, CBIZ Optumas, 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
Kansas City, Missouri
December 13, 2022



MCNA INSURANCE COMPANY
ADJUSTED MEDICAL LOSS RATIO
DENTAL WELLNESS PLAN

**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	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Numerator				
1	Adjusted Incurred Claims	\$ 13,714,433	\$ (2,903)	\$ 13,711,530
2	Health Care Quality Improvement Expenses	\$ 102,248	\$ (102,248)	\$ -
3	Total Adjusted MLR Numerator	\$ 13,816,681	\$ (105,151)	\$ 13,711,530
Denominator				
4	Premium and Other Revenue	\$ 20,155,038	\$ (3,899,191)	\$ 16,255,847
5	Taxes and Fees	\$ 334,204	\$ 140,162	\$ 474,366
6	Total Adjusted MLR Denominator	\$ 19,820,835	\$ (4,039,353)	\$ 15,781,481
MLR Calculation				
7	MLR Percentage Achieved	69.71%	17.2%	86.9%
8	Credibility Adjustment	0.00%	0.0%	0.0%
9	Adjusted MLR Percentage Achieved	69.71%	17.2%	86.9%
MLR Requirement				
10	MLR Requirement	88.00%		88.0%
11	Percentage Below Requirement	18.29%	-17.2%	1.1%
Member Months				
12	Member Months	1,651,283	3,321	1,654,604
Informational Only*				
13	Other Non-Claims Costs	\$ -	\$ 104,143	\$ 104,143

**The "Informational Only" 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 "Informational Only" line will be properly reflected within the adjustment totals.*

Note: The Reported Amount within the MLR calculation on line 6 contains a variance due to rounding.



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

During our examination, we identified the following adjustments.

Adjustment #1 – To remove interest expense included in incurred claims

The health plan included interest paid on untimely processed claims as an incurred claims cost. Interest is not an allowable incurred claims expense. An adjustment was proposed to remove the interest expense and reclassify it to non-claims costs. The medical expense reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustment		
Line #	Line Description	Amount
1	Adjusted Incurred Claims	(\$344)
13	Other Non-Claims Costs	\$344

Adjustment #2 – To remove IBNR margin

The health plan reported incurred but not reported (IBNR) expenses that included an amount in excess of the incurred claims contained within the health plan's lag tables. It was determined the reported amount included a non-allowable reserve margin percentage. An adjustment was proposed to remove the calculated IBNR margin amount. The medical expense and IBNR reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustment		
Line #	Line Description	Amount
1	Adjusted Incurred Claims	(\$1,551)
13	Other Non-Claims Costs	\$1,551

Adjustment #3 – To adjust COVID-19 enhanced dental payments per state data

The health plan reported COVID-19 enhanced dental payments within incurred claims cost. Per state data, the amount reported for enhanced payments was overstated. An adjustment was proposed to report the amount per state data. The medical expense reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed Adjustment		
Line #	Line Description	Amount
1	Adjusted Incurred Claims	(\$1,008)

Adjustment # 4 – To remove non-qualifying HCQI expenses

The health plan reported health care quality improvement (HCQI) expenses related to third party administration (TPA) fees from the parent company and vendor expenses related to a call center. Based on supporting documentation, the TPA fees and the call center were non-qualifying expenses. The activities performed were deemed to be exclusions per federal guidance. An adjustment was proposed to remove the reported HCQI expenses. 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
2	Health Care Quality Improvement Expenses	(\$102,248)
13	Other Non-Claims Costs	\$102,248

Adjustment #5 – To adjust revenues per state data

The health plan reported revenue amounts that did not reflect payments received for its members applicable to the covered dates of service for the Medical Loss Ratio (MLR) reporting period. An adjustment was proposed to report the revenues per state data for capitation payments, Health Insurer Fee (HIF) payments, and withhold payments. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2).

Proposed Adjustment		
Line #	Line Description	Amount
4	Premium and Other Revenue	(\$835,519)

Adjustment #6 – To adjust the risk corridor per state data

A risk corridor was contractually in effect for the MLR reporting period. The risk corridor calculation occurred subsequent to the filing of the MLR Calculation and was not reported by the health plan. All applicable MLR examination adjustments are reflected within the final risk corridor calculation. An adjustment was proposed to report the revenues per state data for the risk corridor recoupment. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2).



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed Adjustment		
Line #	Line Description	Amount
4	Premium and Other Revenue	(\$3,063,672)

Adjustment #7 – To adjust the HIF expense per state data

The HIF expense reported by the health plan did not agree with the state data for the MLR reporting period. An adjustment was proposed to include HIF expense to reflect state data amounts. The associated HIF revenues were included within Adjustment #5 and adjusted to state data. The taxes and fees reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3) and the CMS Health Insurance Providers Fee for Medicaid Managed Care Plans FAQ dated October 2014.

Proposed Adjustment		
Line #	Line Description	Amount
3	Taxes and Fees	(\$131,340)

Adjustment #8 – To adjust income taxes based on audited financial statement information

The health plan did not report federal income taxes for the MLR reporting period. An adjustment was proposed to increase taxes to the appropriate amounts per supporting documentation. The tax requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3) and Centers for Medicare & Medicaid Services Medical Loss Ratio Annual Reporting Form Filing Instructions.

Proposed Adjustment		
Line #	Line Description	Amount
3	Taxes and Fees	\$271,502

Adjustment #9 – To adjust member months per state data

The health plan reported member months that did not reflect accurate amounts for the MLR reporting period. An adjustment was proposed to reflect member months per state data. The member month reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(k).

Proposed Adjustment		
Line #	Line Description	Amount
12	Member Months	3,321