



**MOLINA HEALTHCARE  
OF IOWA, INC.  
Iowa Health Link  
Iowa Medicaid  
Managed Care Programs**

**Adjusted Administrative Expenses**  
*With Independent Accountant's Report Thereon*

For the State Fiscal Year Ended June 30, 2024



**MYERS AND  
STAUFFER<sup>LC</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS



## Table of Contents

■ Table of Contents .....	1
■ Independent Accountant's Report .....	2
■ Adjusted Administrative Expenses for the State Fiscal Year Ended June 30, 2024 .....	4
■ Schedule of Reporting Caveats .....	5
■ Schedule of Adjustments for the State Fiscal Year Ended June 30, 2024.....	6



State of Iowa  
Department of Health and Human Services, Iowa Medicaid  
Des Moines, Iowa

### **Independent Accountant's Report**

We have reviewed the accompanying Adjusted Administrative Expenses of Molina Healthcare of Iowa, Inc. (health plan) for the state fiscal year ended June 30, 2024. The health plan's management is responsible for presenting the Administrative Expenses in accordance with the criteria set forth in the Iowa Reporting Manual and Centers for Medicare & Medicaid Services (CMS) federal guidance (criteria). This criteria was used to prepare the Adjusted Administrative Expenses. Our responsibility is to express a conclusion on the Adjusted Administrative Expenses based on our review.

Our review 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 review to obtain limited assurance about whether any material modifications should be made to the Adjusted Administrative Expenses in order for it to be in accordance with the criteria. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether the Adjusted Administrative Expenses are in accordance with the criteria, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our engagement.

The procedures we performed were based on our professional judgment and consisted primarily of analytical procedures and inquiries.

The accompanying Adjusted Administrative Expenses was prepared from the Administrative Expenses information 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.

Based on our review, we are not aware of any material modifications that should be made to the Adjusted Administrative Expenses in order for them to be in accordance with the criteria, once the items addressed in the Schedule of Reporting Caveats are considered.



This report is intended solely for the information and use of Iowa Medicaid, 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 17, 2025



**MOLINA HEALTHCARE OF IOWA, INC.**  
**ADJUSTED ADMINISTRATIVE EXPENSES**  
**IOWA HEALTH LINK**

## Adjusted Administrative Expenses for the State Fiscal Year Ended June 30, 2024

Adjusted Administrative Expenses for the State Fiscal Year Ended June 30, 2024				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Administrative Expenses - Excluding Medical Loss Ratio Qualified Expenses</b>				
1	Corporate Salaries	\$ 14,915,440	\$ (2,064,881)	\$ 12,850,559
2	Management Salaries	\$ 2,148,573	\$ (150,785)	\$ 1,997,788
3	Other Salaries	\$ 32,369,565	\$ 223,389	\$ 32,592,954
4	Operations Expenses	\$ 12,266,733	\$ (1,191,467)	\$ 11,075,266
5	Corporate Services	\$ -	\$ -	\$ -
6	Parent Fees	\$ -	\$ -	\$ -
7	General Administration Costs	\$ 4,456,945	\$ (3,050)	\$ 4,453,895
8	Claims Processing	\$ -	\$ -	\$ -
9	Network Development	\$ -	\$ -	\$ -
10	Member Services	\$ -	\$ -	\$ -
11	Medical Management	\$ -	\$ -	\$ -
12	Case Management	\$ -	\$ -	\$ -
13	Professional Services	\$ 18,792,004	\$ 128,859	\$ 18,920,863
14	Reinsurance Premiums	\$ -	\$ -	\$ -
15	PBM Spread Pricing, OPFA, and Rebates Retained by the PBM	\$ -	\$ -	\$ -
16	Other Admin Costs	\$ 1,454,092	\$ (7,166,941)	\$ (5,712,849)
17	Vendor Administrative Expenses (Tab 9)	\$ 1,647,970	\$ (484,341)	\$ 1,163,629
18	Exclusion for Non-Allowable Administrative Expense	\$ 192,000	\$ (192,000)	\$ -
19	Total Administrative Expenses	\$ 88,243,322	\$ (10,901,217)	\$ 77,342,105

*\*Medical Loss Ratio (MLR) Qualified Expenses, including taxes or community benefit expenditures, and healthcare quality improvement costs reported on State of Iowa F1 Financial MCO Reporting Template, have been subjected to the procedures applied in the MLR examination, and accordingly excluded from this report.*



## Schedule of Reporting Caveats

During the course of the engagement, we identified the following reporting caveat.

### **Caveat #1 – Classification of administrative expenses**

Administrative expenses reported vary by health plan and may be allocated to Lines 1 through 16 on the Adjusted Administrative Expenses, rather than being directly assigned to specific lines based on function of the individual account, department, or cost center. This allocation methodology may result in the distribution of expenses between Lines 1 through 16 based on the health plan's estimated percentages. Therefore, adjustments related to allocated expenses may be reflected on Line 16 "Other Admin Costs" rather than allocating the adjustments between the administrative expense lines. The treatment may result in a negative total adjusted amount on Line 16, however, the impact remains as a reduction in total administrative expenses reflected on Line 19. Additionally, the non-qualifying medical loss ratio expense reclassifications are reflected on Line 16, rather than allocating between the administrative expense lines. For purposes of this review, testing was performed to determine allowability of administrative expenses, not appropriate classification reflected on Lines 1-16. The table below outlines the adjustments impacted by the caveat.

Impacted Adjustments	
Adjustment Number	Schedule of Adjustments for State Fiscal Year Ending
11	June 30, 2024



## Schedule of Adjustments

During the course of the engagement, we identified the following adjustments.

### **Adjustment #1 – To remove self-reported non-allowable administrative expenses**

The health plan identified and self-reported non-allowable administrative expenses. However, for purposes of this review, an adjustment was proposed to remove the non-allowable expenses to reflect only allowable expenses in the adjusted amount of the report. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 Code of Federal Regulations (CFR) § 75.420-475.

Proposed Adjustment		
Line #	Line Description	Amount
18	Exclusion for Non-Allowable Administrative Expense	(\$192,000)

### **Adjustment #2 – To adjust administrative expenses per health plan supporting documentation**

The health plan reported administrative expenses that did not reconcile to health plan supporting documentation. An adjustment was proposed to reconcile administrative expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.400.

Proposed Adjustment		
Line #	Line Description	Amount
3	Other Salaries	\$223,389
4	Operations Expenses	\$101,147
7	General Administration Costs	\$3,349
13	Professional Services	\$132,567
16	Other Admin Costs	(\$651)

### **Adjustment #3 – To adjust third party vendor administrative fees per health plan supporting documentation**

The health plan reported third party vendor, March Vision, administrative expenses based on a component of the per-member per-month arrangement. Upon reviewing the contractual terms, it was determined a risk corridor was in place for the reporting period, which impacted the final payment to the vendor for providing vision services. An adjustment was proposed to reduce administrative expenses



per health plan supporting documentation. The third party reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2)(v) and the Center for Medicaid & CHIP Services Informational Bulletin: MLR Requirements Related to Third Party Vendors dated May 15, 2019.

Proposed Adjustment		
Line #	Line Description	Amount
17	Vendor Administrative Expenses (Tab 9)	(\$552,730)

#### **Adjustment #4 – To remove duplicated VAS expenses per health plan supporting documentation**

The health plan included value-added services (VAS) expenses in incurred claims and administrative expenses. An adjustment was proposed to remove the duplicated VAS expenses from administrative expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.400.

Proposed Adjustment		
Line #	Line Description	Amount
4	Operations Expenses	(\$514,885)

#### **Adjustment #5 – To reclassify third party vendor contingency fees per health plan supporting documentation**

The health plan reported third party vendor, OptumInsight, contingency fees netted within the recoveries reducing incurred claims. Subrogation gross recoveries should be included as a reduction to incurred claims, however, the associated third party vendor contingency fees should be reported as administrative expenses. An adjustment was proposed to reclassify contingency fees to administrative expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.400.

Proposed Adjustment		
Line #	Line Description	Amount
17	Vendor Administrative Expenses (Tab 9)	\$68,389

#### **Adjustment #6 – To remove non-allowable marketing expenses per health plan supporting documentation**

The health plan reported marketing expenses that were deemed non-allowable. An adjustment was proposed to remove the non-allowable marketing expenses per health plan supporting documentation.



## SCHEDULE OF ADJUSTMENTS

The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.421.

Proposed Adjustment		
Line #	Line Description	Amount
4	Operations Expenses	(\$777,729)
13	Professional Services	(\$3,708)

### **Adjustment #7 – To remove non-allowable lobbying expenses per health plan supporting documentation**

The health plan reported lobbying expenses that were deemed non-allowable. An adjustment was proposed to remove the non-allowable lobbying expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.450.

Proposed Adjustment		
Line #	Line Description	Amount
16	Other Admin Costs	(\$20,249)

### **Adjustment #8 – To remove non-allowable alcohol expenses per health plan supporting documentation**

The health plan reported expenses for alcohol that were deemed non-allowable. An adjustment was proposed to remove the non-allowable alcohol expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.423.

Proposed Adjustment		
Line #	Line Description	Amount
7	General Administration Costs	(\$6,399)

### **Adjustment #9 – To remove non-allowable investment management expenses per health plan supporting documentation**

The health plan reported investment management expenses that were deemed non-allowable. An adjustment was proposed to remove the non-allowable investment management expenses per health



## SCHEDULE OF ADJUSTMENTS

plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.442.

Proposed Adjustment		
Line #	Line Description	Amount
16	Other Admin Costs	(\$5,852)

### **Adjustment #10 – To remove non-allowable interest expenses per health plan supporting documentation**

The health plan reported interest expenses that were deemed non-allowable. An adjustment was proposed to remove the non-allowable interest expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR §§ 75.404 and 75.449.

Proposed Adjustment		
Line #	Line Description	Amount
16	Other Admin Costs	(\$3,659,330)

### **Adjustment #11 – To reclassify qualifying HCQI/HIT from administrative expenses per health plan supporting documentation**

The health plan reported health care quality improvement (HCQI) and health information technology (HIT) expenses based on salaries and benefits, vendor costs, and overhead costs. It was determined the health plan included qualifying corporate expenses based on federal guidance within administrative expenses. An adjustment was proposed to reclassify the qualifying salaries, benefits, vendor costs, and overhead from administrative expenses per health plan supporting documentation. The HCQI/HIT reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(3).

Proposed Adjustment		
Line #	Line Description	Amount
16	Other Admin Costs	(\$3,480,859)

### **Adjustment #12 – To remove executive compensation exceeding the required limits per health plan supporting documentation**

The health plan did not remove executive compensation exceeding the required compensation limits. An adjustment was proposed to reduce administrative expenses for compensation over the required



## SCHEDULE OF ADJUSTMENTS

limits per health plan supporting documentation. The executive compensation reporting requirements are addressed in the Iowa Reporting Manual, 45 CFR §§ 75.430 and 75.431, 10 United States Code (U.S.C.) § 2324(e)(1)(P), 41 U.S.C. § 4304(a)(16), and 48 CFR § 31.205-6.

Proposed Adjustment		
Line #	Line Description	Amount
1	Corporate Salaries	(\$2,064,881)
2	Management Salaries	(\$150,785)