



IOWA TOTAL CARE, 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



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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 Iowa Total Care, 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 19, 2025



**IOWA TOTAL CARE, 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
	Administrative Expenses - Excluding Medical Loss Ratio Qualified Expenses			
1	Corporate Salaries	\$ 31,903,526	\$ -	\$ 31,903,526
2	Management Salaries	\$ 3,380,692	\$ (971,784)	\$ 2,408,908
3	Other Salaries	\$ -	\$ -	\$ -
4	Operations Expenses	\$ -	\$ -	\$ -
5	Corporate Services	\$ 80,577,307	\$ (13,337)	\$ 80,563,970
6	Parent Fees	\$ -	\$ -	\$ -
7	General Administration Costs	\$ 8,989,576	\$ (707,019)	\$ 8,282,557
8	Claims Processing	\$ 15,192,784	\$ -	\$ 15,192,784
9	Network Development	\$ -	\$ -	\$ -
10	Member Services	\$ -	\$ -	\$ -
11	Medical Management	\$ 6,180,658	\$ -	\$ 6,180,658
12	Case Management	\$ -	\$ -	\$ -
13	Professional Services	\$ 870,133	\$ (588)	\$ 869,545
14	Reinsurance Premiums	\$ 190,145	\$ -	\$ 190,145
15	PBM Spread Pricing, OPFA, and Rebates Retained by the PBM	\$ -	\$ -	\$ -
16	Other Admin Costs	\$ 35,291	\$ 16,164,717	\$ 16,200,008
17	Vendor Administrative Expenses (Tab 9)	\$ 662,215	\$ (151,700)	\$ 510,515
18	Exclusion for Non-Allowable Administrative Expense	\$ 712,518	\$ (712,518)	\$ 0
19	Total Administrative Expenses	\$ 148,694,845	\$ 13,607,771	\$ 162,302,616

**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
2, 3, 12-15	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	(\$712,518)

Adjustment #2 – To adjust administrative expenses per parent company supporting documentation

The health plan reported non-allowable expenses as a reduction to administrative expenses per health plan supporting documentation. However, based on related party parent company supporting documentation, the expenses incurred by the related party entity performing the services exceeded the reported amounts. An adjustment was proposed to further reduce non-allowable expenses per parent company supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and CMS Publication 15-1, Chapter 10.

Proposed Adjustment		
Line #	Line Description	Amount
16	Other Admin Costs	(\$318,411)

Adjustment #3 – To remove non-allowable marketing and advertising expenses per health plan supporting documentation

The health plan reported marketing and advertising expenses that were deemed non-allowable. An adjustment was proposed to remove the non-allowable marketing and advertising expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.421.



SCHEDULE OF ADJUSTMENTS

Proposed Adjustment		
Line #	Line Description	Amount
7	General Administration Costs	(\$293,906)
16	Other Admin Costs	(\$86,046)

Adjustment #4 – 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
5	Corporate Services	(\$12,563)
7	General Administration Costs	(\$2,263)
16	Other Admin Costs	(\$12,496)

Adjustment #5 – 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
5	Corporate Services	(\$774)

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

The health plan reported expenses for travel that were deemed non-allowable. An adjustment was proposed to remove the non-allowable travel expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.474.



SCHEDULE OF ADJUSTMENTS

Proposed Adjustment		
Line #	Line Description	Amount
7	General Administration Costs	(\$535)

Adjustment #7 – To adjust third party vendor administrative fees per health plan supporting documentation

The health plan reported third party vendor, National Imaging Associates, 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
7	General Administration Costs	(\$385,790)

Adjustment #8 – To remove non-allowable membership dues expenses per health plan supporting documentation

The health plan reported membership dues expenses that were deemed non-allowable. An adjustment was proposed to remove the non-allowable membership dues expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.454.

Proposed Adjustment		
Line #	Line Description	Amount
7	General Administration Costs	(\$22,673)

Adjustment #9 – To adjust third party vendor administrative fees per health plan supporting documentation

The health plan reported third party vendor, Carebridge, 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.



SCHEDULE OF ADJUSTMENTS

Proposed Adjustment		
Line #	Line Description	Amount
7	General Administration Costs	(\$1,852)

Adjustment #10 – To remove non-allowable litigation and legal settlement expenses per health plan supporting documentation

The health plan reported litigation and settlement expenses that were deemed non-allowable. An adjustment was proposed to remove the non-allowable litigation and settlement expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.441.

Proposed Adjustment		
Line #	Line Description	Amount
13	Professional Services	(\$588)

Adjustment #11 – To remove non-allowable expenses for related party vision vendor per vendor supporting documentation

The health plan reported non-allowable expenses for related party vendor, Envolve Vision, Inc. An adjustment was proposed to remove the non-allowable amounts based on actual cost, as related party expenses should be reported at the cost of the related party entity performing the service. Additionally, based on the arrangement with the vision vendor, administrative expenses and profit comprise 7.6% of the total expense. The administrative reporting requirements are addressed in the Iowa Reporting Manual and CMS Publication 15-1, Chapter 10.

Proposed Adjustment		
Line #	Line Description	Amount
17	Vendor Administrative Expenses (Tab 9)	(\$151,700)

Adjustment #12 – To reclassify non-qualifying provider incentive payments per health plan supporting documentation

The health plan reported care coordination expenses within provider incentive payments for the reporting period. It was determined the certain provider's actual cost for the services qualified as health care quality improvement (HCQI) expenses per provider supporting documentation. An adjustment was proposed to reclassify the remaining non-qualifying per-member per-month care coordination expenses



SCHEDULE OF ADJUSTMENTS

to administrative expenses per health plan supporting documentation. The provider incentive payments reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustment		
Line #	Line Description	Amount
16	Other Admin Costs	\$494,045

Adjustment #13 – To reclassify non-qualifying HCQI/HIT expenses per health plan supporting documentation

The health plan reported HCQI and health information technology (HIT) expenses based on salaries and benefits, vendor costs, and overhead costs. It was determined the health plan included non-qualifying expenses based on federal guidance. An adjustment was proposed to reclassify the non-qualifying salaries, benefits, vendor costs, and overhead to administrative expenses per health plan supporting documentation. Associated non-allowable administrative expenses were removed within Adjustments #3, 5, 6, 10, 14, and 15. 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	\$12,061,206

Adjustment #14 – To reclassify non-qualifying other incurred claims per health plan supporting documentation

The health plan reported other incurred claims related to medial record expenses for the reporting period. An adjustment was proposed to reclassify non-qualifying other incurred claims to administrative expenses per health plan supporting documentation. The administrative reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.400.

Proposed Adjustment		
Line #	Line Description	Amount
16	Other Admin Costs	\$8,881



SCHEDULE OF ADJUSTMENTS

Adjustment #15 – To reclassify non-qualifying provider and vendor incentive payments per health plan supporting documentation

The health plan reported Medical Transportation Management, Inc. (MTM, Inc.) vendor incentives and provider shared savings payments with no clinical or quality metrics as provider incentive payments. An adjustment was proposed to reclassify non-qualifying provider and vendor incentive payments to administrative expenses per health plan supporting documentation. The provider incentive payments reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustment		
Line #	Line Description	Amount
16	Other Admin Costs	\$4,017,538

Adjustment #16 – 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 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
2	Management Salaries	(\$971,784)