



WELLPOINT 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



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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 Wellpoint 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



**WELLPOINT 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
Administrative Expenses - Excluding Medical Loss Ratio Qualified Expenses				
1	Corporate Salaries	\$ 43,186,213	\$ 182,629	\$ 43,368,842
2	Management Salaries	\$ 941,480	\$ 221,784	\$ 1,163,264
3	Other Salaries	\$ 19,794,809	\$ (4,821,423)	\$ 14,973,386
4	Operations Expenses	\$ 565,164	\$ -	\$ 565,164
5	Corporate Services	\$ 16,284,295	\$ (6,031,005)	\$ 10,253,290
6	Parent Fees	\$ -	\$ -	\$ -
7	General Administration Costs	\$ 7,275,002	\$ (50,208)	\$ 7,224,794
8	Claims Processing	\$ 5,358,258	\$ 9,865	\$ 5,368,123
9	Network Development	\$ 854,962	\$ (29,742)	\$ 825,220
10	Member Services	\$ 498,109	\$ -	\$ 498,109
11	Medical Management	\$ 3,309,280	\$ (137,814)	\$ 3,171,466
12	Case Management	\$ -	\$ -	\$ -
13	Professional Services	\$ 1,538,941	\$ -	\$ 1,538,941
14	Reinsurance Premiums	\$ -	\$ -	\$ -
15	PBM Spread Pricing, OPFA, and Rebates Retained by the PBM	\$ -	\$ -	\$ -
16	Other Admin Costs	\$ 8,580,897	\$ 13,837,100	\$ 22,417,997
17	Vendor Administrative Expenses (Tab 9)	\$ 2,513,553	\$ (689,961)	\$ 1,823,592
18	Exclusion for Non-Allowable Administrative Expense	\$ 6,230,463	\$ (6,230,463)	\$ 0
19	Total Administrative Expenses	\$ 116,931,426	\$ (3,739,238)	\$ 113,192,187

**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
6, 8-13	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	(\$6,230,463)

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
1	Corporate Salaries	\$182,629
2	Management Salaries	\$221,784
5	Corporate Services	(\$2,051,845)
8	Claims Processing	\$9,865
11	Medical Management	(\$95,425)

Adjustment #3 – To adjust vendor rebate per health plan supporting documentation

The health plan did not report a rebate from the third party vendor, Comdata. The supporting documentation identified this rebate, which should reduce administrative expenses. An adjustment was proposed to reduce 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
3	Other Salaries	(\$406,176)

Adjustment #4 – To remove various non-allowable administrative expenses per health plan supporting documentation

The health plan reported advertising, promotional items, unspecified litigation/settlements, and lobbying expenses. These expenses were identified during testing and confirmed by the health plan as non-allowable. An adjustment was proposed to remove the non-allowable expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR §§ 75.421, 75.441, 75.450.

Proposed Adjustment		
Line #	Line Description	Amount
5	Corporate Services	(\$2,735,012)

Adjustment #5 – To remove unsupported settlements per health plan supporting documentation

The health plan reported settlements but was unable to provide supporting documentation to test the allowability of the expenses due to confidentiality constraints. Consequently, the health plan agreed to the removal of the unsupported expenses. An adjustment was proposed to remove the unsupported settlements per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR §§ 75.400 and 75.441.

Proposed Adjustment		
Line #	Line Description	Amount
3	Other Salaries	(\$4,415,247)

Adjustment #6 – 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
16	Other Admin Costs	(\$1,762,594)

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

The health plan reported administrative expenses for a capitated third party vendor, Superior Vision. It was determined the health plan overstated the reported administrative expenses. An adjustment was proposed to reduce the administrative portion of the capitation agreement 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)	(\$689,961)

Adjustment #8 – To remove non-allowable contribution and donation expenses per health plan supporting documentation

The health plan reported community contribution and donation expenses that were deemed non-allowable. An adjustment was proposed to remove the non-allowable contributions and donations expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.434.

Proposed Adjustment		
Line #	Line Description	Amount
16	Other Admin Costs	(\$595,960)

Adjustment #9 – To remove non-allowable advertising and public relation expenses per health plan supporting documentation

The health plan reported advertising and public relations expenses that were deemed non-allowable. An adjustment was proposed to remove the non-allowable advertising and public relation 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
16	Other Admin Costs	(\$84,000)

Adjustment #10 – To remove non-Medicaid expenses per health plan supporting documentation

The health plan reported expenses related to commercial and Medicare lines of business. An adjustment was proposed to remove the non-Medicaid expenses per health plan supporting documentation. The administrative expenses reporting requirements are addressed in the Iowa Reporting Manual and 45 CFR § 75.405.

Proposed Adjustment		
Line #	Line Description	Amount
16	Other Admin Costs	(\$76,210)

Adjustment #11 – To adjust related party administrative expenses per provider supporting documentation

The health plan reported incurred claims, health care quality improvement (HCQI), and administrative expenses for the related party provider, Carelon Health (formerly CareMore). It was determined the allocation of administrative expenses was overstated after reclassifying non-qualifying HCQI expenses, within Adjustment #12. An adjustment was proposed to reduce administrative expenses per provider supporting documentation. The administrative expenses and related party 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	(\$359,990)

Adjustment #12 – To reclassify non-qualifying HCQI/HIT expenses to administrative 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. The HCQI/HIT reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(3).



SCHEDULE OF ADJUSTMENTS

Proposed Adjustment		
Line #	Line Description	Amount
16	Other Admin Costs	\$17,062,935

Adjustment #13 – To remove executive compensation exceeding the required limits per health plan supporting documentation

The health plan reported a reduction to administrative expenses to remove compensation exceeding the required compensation limits. However, the reported reduction for compensation was understated. An adjustment was proposed to further 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
5	Corporate Services	(\$1,244,148)
7	General Administration Costs	(\$50,208)
9	Network Development	(\$29,742)
11	Medical Management	(\$42,389)
16	Other Admin Costs	(\$347,081)