



**MCNA INSURANCE
COMPANY**
Dental Wellness Plan
Iowa Medicaid
Managed Care Program

Adjusted Administrative Expenses
With Independent Accountant's Report Thereon

For the State Fiscal Year Ended June 30, 2024



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 MCNA Insurance Company (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 16, 2025



**MCNA INSURANCE COMPANY
ADJUSTED ADMINISTRATIVE EXPENSES
DENTAL WELLNESS PLAN**

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	\$ -	\$ -	\$ -
2	Management Salaries	\$ -	\$ -	\$ -
3	Other Salaries	\$ 291,319	\$ -	\$ 291,319
4	Operations Expenses	\$ 37,355	\$ -	\$ 37,355
5	Corporate Services	\$ -	\$ -	\$ -
6	Parent Fees	\$ 572,054	\$ 235,711	\$ 807,765
7	General Administration Costs	\$ 124,484	\$ -	\$ 124,484
8	Claims Processing	\$ 1,346,841	\$ -	\$ 1,346,841
9	Network Development	\$ 778,092	\$ -	\$ 778,092
10	Member Services	\$ 61,136	\$ -	\$ 61,136
11	Medical Management	\$ 87,072	\$ -	\$ 87,072
12	Case Management	\$ 50,020	\$ -	\$ 50,020
13	Professional Services	\$ -	\$ -	\$ -
14	Marketing Activities	\$ 46,315	\$ (22,202)	\$ 24,113
15	Other Admin Costs	\$ 1,083,780	\$ (15,874)	\$ 1,067,906
16	Exclusion for Non-Allowable Administrative Expense	\$ -	\$ -	\$ -
17	Total Administrative Expenses	\$ 4,478,468	\$ 197,635	\$ 4,676,103

**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 15 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 15 based on the health plan's estimated percentages. Therefore, adjustments related to allocated expenses may be reflected on Line 15 "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 15, however, the impact remains as a reduction in total administrative expenses reflected on Line 17. Additionally, the non-qualifying medical loss ratio expense reclassifications are reflected on Line 15, 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 1-15. The table below outlines the adjustments impacted by the caveat.

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



Schedule of Adjustments

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

Adjustment #1 – To adjust parent company expenses to actual costs per health plan supporting documentation

The health plan reported administrative expenses based on a related party management fee that did not represent actual costs of the parent company. An adjustment was proposed to report parent company expenses at actual cost per health plan supporting documentation. The related party reporting requirements are addressed in the Iowa Reporting Manual and CMS Publication 15-1, Chapter 10.

Proposed Adjustment		
Line #	Line Description	Amount
6	Parent Fees	\$235,711

Adjustment #2 – To remove non-allowable expenses per health plan supporting documentation

The health plan reported marketing and advertising, promotional items, contributions, entertainment, travel, and lobbying expenses. These expenses were identified during testing and were 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 Code of Federal Regulations (CFR) §§ 75.421, 75.434, 75.438, 75.450, 75.454, and 75.474.

Proposed Adjustment		
Line #	Line Description	Amount
15	Other Admin Costs	(\$15,874)

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

The health plan reported advertising expenses that were deemed non-allowable. An adjustment was proposed to remove the non-allowable 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
14	Marketing Activities	(\$22,202)