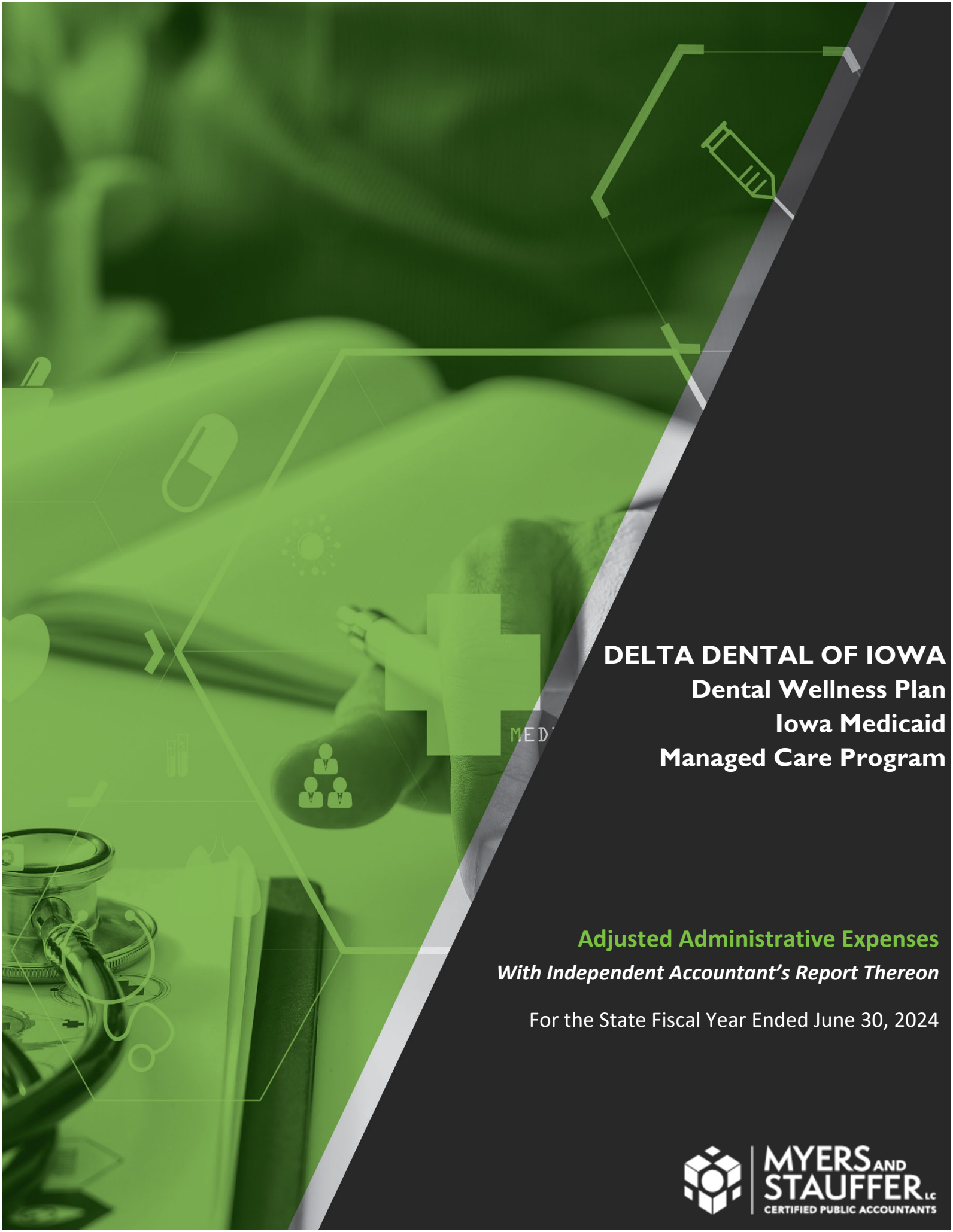

# DELTA DENTAL OF IOWA
## Dental Wellness Plan
## Iowa Medicaid
## Managed Care Program

**Adjusted Administrative Expenses**

***With Independent Accountant's Report Thereon***

For the State Fiscal Year Ended June 30, 2024

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

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MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

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 Delta Dental of Iowa (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*

Myers and Stauffer LC
Kansas City, Missouri
December 17, 2025

# 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 | $ 240,786 | $ - | $ 240,786 |
| 3 | Other Salaries | $ 4,886,529 | $ (65,605) | $ 4,820,924 |
| 4 | Operations Expenses | $ 1,296,098 | $ (140,457) | $ 1,155,641 |
| 5 | Corporate Services | $ - | $ - | $ - |
| 6 | Parent Fees | $ - | $ - | $ - |
| 7 | General Administration Costs | $ 917,407 | $ - | $ 917,407 |
| 8 | Claims Processing | $ 82,234 | $ - | $ 82,234 |
| 9 | Network Development | $ 3,722 | $ - | $ 3,722 |
| 10 | Member Services | $ - | $ - | $ - |
| 11 | Medical Management | $ - | $ - | $ - |
| 12 | Case Management | $ - | $ - | $ - |
| 13 | Professional Services | $ 323,748 | $ - | $ 323,748 |
| 14 | Marketing Activities | $ - | $ - | $ - |
| 15 | Other Admin Costs | $ 310,143 | $ 50,620 | $ 360,763 |
| 16 | Exclusion for Non-Allowable Administrative Expense | $ - | $ - | $ - |
| 17 | Total Administrative Expenses | $ 8,060,667 | $ (155,442) | $ 7,905,225 |

**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** |
| 2-4 | June 30, 2024 |

# Schedule of Adjustments

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

**Adjustment #1 – To remove SAP adjustments per health plan supporting documentation**

The health plan reported statutory accounting principles (SAP) adjustments in the administrative expenses. The Iowa Reporting Manual specifies all reported expenses should be based on generally accepted accounting principles, unless otherwise indicated. An adjustment was proposed to remove the non-qualifying SAP expenses per health plan supporting documentation. The administrative expenses reporting requirements and addressed in the Iowa Reporting Manual.

| Proposed Adjustment | | |
|---|---|---|
| **Line #** | **Line Description** | **Amount** |
| 4 | Operations Expenses | ($140,457) |

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

The health plan reported marketing, promotional items, and business gifts that were deemed non-allowable. Additionally, the health plan reported professional dues that lacked supporting documentation. An adjustment was proposed to remove the non-allowable and unsupported 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) §§ 75.400 and 75.421.

| Proposed Adjustment | | |
|---|---|---|
| **Line #** | **Line Description** | **Amount** |
| 15 | Other Admin Costs | ($17,939) |

**Adjustment #3 – To reclassify non-qualifying VAS per health plan supporting documentation**

The health plan reported value-added services (VAS) expenses that were not state approved programs. An adjustment was proposed to reclassify non-qualifying VAS to administrative expenses per health plan supporting documentation. The incurred claims reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

| Proposed Adjustment | | |
|---|---|---|
| **Line #** | **Line Description** | **Amount** |
| 15 | Other Admin Costs | $32,446 |

**Adjustment #4 – To reclassify non-qualifying HCQI/HIT expenses to 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 and vendor costs. It was determined the health plan included non-qualifying expenses based on federal guidance. An adjustment was proposed to reclassify the remaining non-qualifying salaries, benefits and vendor costs to administrative expenses per health plan supporting documentation, after considering qualifying community benefit expenditures. 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** |
| 15 | Other Admin Costs | $36,113 |

**Adjustment #5 – 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** |
| 3 | Other Salaries | ($65,605) |