

The background features a blurred image of a person's face and hands, overlaid with a green geometric pattern of lines and shapes. Various medical icons are scattered throughout, including a syringe, a pill, a virus, a stethoscope, a clipboard, and a group of people. A large green cross is centered over the person's face.

**DELTA DENTAL OF IOWA**  
**Hawki Dental Program**

**Report on Adjusted Medical Loss Ratio**  
*With Independent Accountant's Report Thereon*

For the State Fiscal Year Ended June 30, 2022  
Paid through October 31, 2022



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

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

We have examined the Medical Loss Ratio Calculation of Delta Dental of Iowa (health plan) for the state fiscal year ended June 30, 2022 related to the Hawki Dental Program. The health plan's management is responsible for presenting information contained in the Medical Loss Ratio Calculation in accordance with the criteria set forth in the Code of Federal Regulations (CFR) 42 § 438.8 and other applicable federal guidance (criteria). This criteria was used to prepare the Adjusted Medical Loss Ratio. Our responsibility is to express an opinion on the Adjusted Medical Loss Ratio based on our examination.

Our examination 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 examination to obtain reasonable assurance about whether the Adjusted Medical Loss Ratio is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Adjusted Medical Loss Ratio. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement of the Adjusted Medical Loss Ratio, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

The accompanying Adjusted Medical Loss Ratio was prepared from information contained in the Medical Loss Ratio Calculation 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.

In our opinion, the Adjusted Medical Loss Ratio is presented in accordance with the criteria, in all material respects, and the Adjusted Medical Loss Ratio does not meet the state requirement of 87.5 percent for the state fiscal year ended June 30, 2022.

This report is intended solely for the information and use of the 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  
January 19, 2024



**DELTA DENTAL OF IOWA**  
**ADJUSTED MEDICAL LOSS RATIO**  
**HAWKI DENTAL PROGRAM**

## Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2022 Paid Through October 31, 2022

Adjusted Medical Loss Ratio for the State Fiscal Year Ended June 30, 2022 Paid Through October 31, 2022				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>1. Medical Loss Ratio Numerator</b>				
1.1	Incurred Claims	\$ 13,328,168	\$ 217,987	\$ 13,546,155
1.2	Activities that Improve Health Care Quality	\$ 12,662	\$ -	\$ 12,662
1.3	<b>MLR Numerator</b>	\$ 13,340,830	\$ 217,987	\$ 13,558,817
1.4	Non-Claims Costs (Not Included in Numerator)	\$ 1,463,386	\$ -	\$ 1,463,386
<b>2. Medical Loss Ratio Denominator</b>				
2.1	Premium Revenue	\$ 15,430,011	\$ 239,965	\$ 15,669,976
2.2	Federal, State, and Local Taxes and Licensing and Regulatory Fees	\$ 144,707	\$ (34,298)	\$ 110,409
2.3	<b>MLR Denominator</b>	\$ 15,285,304	\$ 274,263	\$ 15,559,567
<b>3. MLR Calculation</b>				
3.1	Member Months	729,813	(3,536)	726,277
3.2	Unadjusted MLR	87.3%	-0.2%	87.1%
3.3	Credibility Adjustment	0.0%	0.0%	0.0%
3.4	Adjusted MLR	87.3%	-0.2%	87.1%
<b>4. Remittance</b>				
4.1	Contract Includes Remittance Requirement	No		No
4.2	State Minimum MLR Requirement	87.5%		87.5%

*\*The Non-Claims Costs line has not been subjected to the procedures applied in the examination, including testing for allowability of expenses or appropriate allocation to the Medicaid line of business. Adjustments identified during the course of the examination were not tested to determine any impact on Non-Claims Costs. Accordingly, we express no opinion on the Non-Claims Costs line.*



## Schedule of Adjustments and Comments for the State Fiscal Year Ended June 30, 2022

During our examination, we identified the following adjustments.

### **Adjustment #1 – To adjust incurred claims per supporting documentation**

The health plan reported paid claims based on the specified runout period, including estimated incurred but not reported (IBNR), for the medical loss ratio (MLR) reporting period. A comparison was performed between a revised paid lag table with additional runout through July of 2023 to the health plan's reported paid claims and IBNR estimate, which indicated the reported incurred claims, including IBNR, were understated. An adjustment was proposed to increase incurred claims per health plan supporting documentation. The incurred claims and IBNR reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustment		
Line #	Line Description	Amount
1.1	Incurred Claims	\$217,987

### **Adjustment #2 – To adjust revenue per state data**

The health plan reported revenue amounts that did not reflect payments received for its members applicable to the covered dates of service for the MLR reporting period. An adjustment was proposed to report the revenues per state data for capitation payments. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2). The health plan completed the MLR Calculation based on the template instructions.

Proposed Adjustment		
Line #	Line Description	Amount
2.1	Premium Revenue	(\$81,323)

### **Adjustment #3 – To adjust risk corridor settlements per state data**

A risk corridor was contractually in effect for the MLR reporting period. The final risk corridor calculation occurred subsequent to the filing of the MLR Calculation. All applicable MLR examination adjustments are reflected within the final risk corridor calculation. An adjustment was proposed to report revenues



## SCHEDULE OF ADJUSTMENTS AND COMMENTS

based on the final risk corridor calculation per state data. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2).

Proposed Adjustment		
Line #	Line Description	Amount
2.1	Premium Revenue	\$65,166

### Adjustment #4 – To adjust earned withhold payments per state data

The health plan did not report an estimated amount for the anticipated earned withholds related to achieved pay for performance metrics. An adjustment was proposed to report earned withhold payments per state data. The withhold payments reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(2).

Proposed Adjustment		
Line #	Line Description	Amount
2.1	Premium Revenue	\$256,122

### Adjustment #5 – To adjust member months per state data

The health plan reported member months that did not reflect accurate amounts for the MLR reporting period. An adjustment was proposed to reflect member months per state data. The member month reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(k).

Proposed Adjustment		
Line #	Line Description	Amount
3.1	Member Months	(3,536)

### Adjustment #6 – To remove non-qualifying income taxes

The health plan reported an amount for income taxes in the MLR Calculation, however, indicated the amount should have been reported as community benefit expenditures (CBE). An adjustment was proposed to remove the income taxes. Testing was performed on CBE supporting documentation and adjusted within Adjustment #7. The tax reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3) and Centers for Medicare & Medicaid Services Medical Loss Ratio Annual Reporting Form Filing instructions.



## SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed Adjustment		
Line #	Line Description	Amount
2.2	Taxes and Fees	(\$465)

### Adjustment #7 – To remove non-qualifying CBE

The health plan reported CBE for the MLR reporting period. The expenses were tested to determine qualifying CBE based on federal guidance. An adjustment was proposed to remove non-qualifying CBE per health plan supporting documentation. The CBE reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f)(3).

Proposed Adjustment		
Line #	Line Description	Amount
2.2	Taxes and Fees	(\$33,833)