



COVENTRY HEALTH CARE
OF VIRGINIA, INC.

Virginia Department of Medical
Assistance Services

**Managed Care Organization (MCO)
Administrative Expenses**

With Independent Accountant's Report Thereon

For the Calendar Year Ending December 31, 2020



**MYERS AND
STAUFFER** L.C.
CERTIFIED PUBLIC ACCOUNTANTS



Table of Contents

■ Table of Contents.....	1
■ Independent Accountant’s Report.....	2
■ Appendix A: Agreed Upon Procedures.....	3
■ Appendix B: Results.....	6
■ Appendix C: Underwriting Exhibit.....	9
■ Appendix D: Schedule of Adjustments and Comments.....	11



Independent Accountant's Report

Virginia Department of Medical Assistance Services
Richmond, VA

We have performed the procedures enumerated in Appendix A on the administrative expenses for Coventry Health Care of Virginia, Inc. for the period of January 1, 2020 through December 31, 2020. We applied these procedures to assist you with respect to analyzing administrative expenses for Medicaid rate development. The above referenced Managed Care Organization (MCO)'s management is responsible for the accuracy and completeness of the financial information.

The Virginia Department of Medical Assistance Services (Department) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of analyzing administrative expenses for Medicaid rate development. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures are contained within Appendix A and our findings are contained in Appendices B through D. As agreed, materiality limits were applied as specified within the Agreed-Upon Procedures Program.

We were engaged by the Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion on the MCO's administrative expenses. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the MCO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Department, and is not intended to be, and should not be, used by anyone other than this specified party.

Myers and Stauffer LC
Glen Allen, VA
May 18, 2021



Appendix A: Agreed Upon Procedures

Preliminary Work

- 1) Conduct an entrance call with DMAS and Mercer, DMAS' actuary for MCO rate setting. Gain an understanding of information needed by Mercer for rate setting purposes. Determine if either DMAS or Mercer have initial concerns requiring special attention.
- 2) Send an initial request list to each MCO to include, but not limited to, a survey containing a questionnaire, Board of Directors minutes, organizational charts, working trial balance, adjusting journal entries, audited financial statements, reconciliation of the working trial balance and the quarterly reporting, support for the allocation of administrative expenses and net premium income to the Medicaid line of business and between each Medicaid product, cost allocation worksheet summarizing quarterly reporting information and MCO reported adjustments, schedule of related-party transactions, related-party agreements, narrative surrounding reinsurance reporting, etc.
- 3) Conduct an entrance call with appropriate MCO personnel to include (a) determination of MCO personnel who should be contacted during the course of our procedures for information, explanations, documents, etc., and (b) location and availability of the information requested.
- 4) Briefly document the entity's accounting procedures and internal control per MCO responses on the survey. Emphasis should be placed on the ability of the system(s) to generate reliable cost, revenue, and statistical information.
- 5) Read Board of Directors minutes from the beginning of the report period through the current date. Document matters impacting the scope of these procedures such as discussions related to administrative costs and non-allowable or non-recurring costs as described in Step 16. Obtain copies or excerpts of pertinent sections, and file in work papers. Cross-reference matters discussed in the minutes to the related work papers.
- 6) Obtain the audited financial statements including related footnotes. Document matters impacting the scope of these procedures such as the opinion, notes that may provide information regarding non-allowable or non-recurring costs as described in Step 16, and/or related parties.
- 7) Obtain the names of all related parties from the MCO. Inspect the organizational chart, the annual statement submitted to the Virginia Bureau of Insurance (annual statement), and audited financial statements for related parties not identified by the MCO.
- 8) Obtain the names of all delegated vendors from the MCO. Inspect the organizational chart, the annual statement, and audited financial statements for delegated vendors not identified by the MCO.
- 9) Consider whether any specific information has come to our attention concerning the existence of possible fraud or prohibited acts. Fraud risk factors for this procedure include: discrepancies in accounting records, conflicting or missing evidential matter, threatened financial stability or



profitability, and lack of an effective corporate compliance program. If fraud risk factors are identified, document those risk factors or conditions and our response to them.

Trial Balance Reconciliation

- 10) Reconcile total expenses and total administrative expenses per the adjusted trial balance as of December 31, 2020 to the annual statement for the year ended December 31, 2020 and the quarterly filing required by the Department.
- 11) Obtain the adjusted trial balance as of December 31, 2020. For a sample of 20 accounts, trace the account titles, account numbers, and ending balances for the administrative expenses per the adjusted trial balance to the general ledger for the year ended December 31, 2020.
- 12) Obtain the year-end adjusting journal entries recommended by the independent accountant for the year ended December 31, 2020. Inspect the entries affecting administration expense accounts for propriety. Ensure postings of adjustments to the trial balance, if adjusting journal entries have not been posted to the general ledger at year end.

Administrative Expenses

- 13) Determine how the MCO allocated the administration expenses and net premium income among the various lines of business. Determine how the MCO allocated the administration expenses for the Medicaid line of business to Medallion 4.0, CCC Plus, and any other products included by the MCO in the Medicaid line of business. Determine if any trial balance accounts are allocated between administration and medical expenses.
 - a. Document this understanding through a narrative.
 - b. Document the MCO's support for these allocations.
 - c. Request supporting documentation for the elements of any allocation basis utilized by the MCO and ensure it agrees.
- 14) Document the cost allocation worksheet provided by the MCO in response to the request list. Trace the following elements to the support provided for allocations. Request additional support, as needed, if the self-reported amounts are not full account balances.
 - a. Self-Excluded Expenses
 - b. Healthcare Quality Improvement Expenses (HCQI)
 - c. Fraud Reduction and Recovery Expenses
 - d. Non-recurring expenses such as start-up costs
 - e. Care Coordination
 - f. COVID 19 Related Expenses
 - g. Allowable Member Incentives
- 15) Compare administrative and claims adjustment expenses per the quarterly filing for the year ended December 31, 2020 to the prior year and obtain explanations for any fluctuations greater than 10 percent and \$100,000. Determine and document whether the MCO's explanation is consistent with supporting documentation.



- 16) Scan administration expense accounts allocated to the Medicaid line of business for the below types of expenses. Select 15 to 20 accounts from this scan and from Step 14 and request the general ledger and a description of the account contents. If these documents are inconclusive as to the nature of the expense, request invoices for no more than five entries. Confer with the assigned senior manager/partner to select samples and document the reasoning.
- a. Non-allowable expenses as defined either by the MCO contract with DMAS or by CMS Publication 15. Examples of non-allowable expenses include: lobbying, contributions/donations, income tax, management fees for non-Virginia operations, and management fees for the sole purpose of securing an exclusive arrangement.
 - b. Non-recurring expenses such as start-up costs and expenses reimbursed separately from the MCO rate such as the health insurer fee.
 - c. HCQI Expenses
 - d. Fraud Reduction and Recovery Expenses
 - e. Non-recurring expenses such as start-up costs
 - f. Care Coordination
 - g. COVID 19 Related Expenses
 - h. Allowable Member Incentives
- 17) Agree the summary work paper of related-party transactions from the MCO from Step 7 to the trial balance. Obtain agreements or other supporting documentation for payments to or costs allocated from affiliates or parent companies and determine if exclusivity payments or special contractual arrangements are included. Ensure the regulations within CMS Publication 15-1, Chapter 10 have been applied.
- 18) Agree the summary work paper of delegated vendor transactions from the MCO from Step 8 to the trial balance. For vendors with sub-capitated arrangements and the Pharmacy Benefit Manager (PBM), obtain agreements and ensure that medical and administrative expenses were appropriately separated on the quarterly filing. For the PBM, collect information regarding where all costs (claims payments, ingredient cost, dispensing fees, rebates, sales tax, spread pricing, administrative payment, and other) are included on the trial balance and collect information regarding spread pricing, if applicable.
- 19) Prepare a narrative that summarizes the MCOs' methodology for reporting reinsurance premiums and reinsurance recoveries. Include both reinsurance amounts per the annual statement, as well as the allocation methodology to the Medicaid line of business. Agree amounts to the trial balance or document the trial balance account these amounts are included in.



Appendix B: Results

Source of Information

Our procedures were performed to determine allowable administrative expenses for the purpose of Medicaid rate development. Our procedures were not performed to determine whether such administrative expenses were properly reported for purposes of the Bureau of Insurance of the Commonwealth of Virginia.

We used the quarterly filing required by the Department (quarterly filing), the Annual Statement submitted to the Insurance Department of the Commonwealth of Virginia (Annual Statement), and audited financial statements for Coventry Health Care of Virginia, Inc. for the year ended December 31, 2020.

Coventry Health Care of Virginia, Inc. (Coventry) is operated under their parent holding company, Aetna Health Holdings, LLC, which is a wholly owned subsidiary of Aetna, Inc. Aetna, Inc. is a wholly owned subsidiary of CVS Health Corporation. Coventry receives administrative services from Aetna Health Management, LLC (AHM), and Aetna Medicaid Administrators (AMA), which are owned by Aetna, Inc. Coventry also has administrative expenses from Caremark Pharmacy Inc., LLC, which is a sister company to Aetna, Inc. Caremark Rx, L.L.C. provides prescription benefit management for Coventry. In order to perform the agreed upon procedures outlined in Appendix A, we obtained a trial balance for Coventry, support for the management fee payments, as well as agreements set with Caremark Rx, L.L.C.

Coventry has delegated certain functions to vendors. LogistiCare Solutions, LLC provides administration of the non emergent transportation benefit. DentaQuest, LLC provides administration of the dental benefit. VSP, Inc. provides administration of the vision benefit. MedSolutions, Inc. provides certain radiology management functions.

Trial Balance Reconciliation

We obtained Coventry's adjusted trial balance as of December 31, 2020 as well as a schedule of allocated expenses for AMA, as the majority of the administrative costs flow through AMA. We agreed the account descriptions, account numbers and ending balances for a sample of 20 accounts to the general ledger for the year ended December 31, 2020. No exceptions were noted.

Total administrative expenses including claims adjustment expenses per the Coventry adjusted trial balance as of December 31, 2020 of \$185,827,499 were reconciled to the total administrative expenses including claims adjustment expenses on the quarterly filing of \$185,827,499. The administrative expenses including claims adjustment expenses per the Coventry adjusted trial balance as of December 31, 2020 of \$185,827,499 were reconciled to the total administrative expenses including claims adjustment expense on the Annual Statement of \$185,827,499.

Administrative Expenses

Total claims adjustment expenses and administrative expenses included in the Annual Statement consist of two basic components, direct expenses and management fee expense. Direct expenses are those



that are unequivocally related to a product, and therefore, are charged directly to that product. Management fee expenses are recorded at the AHM and AMA level, and allocated to the appropriate entities and products. The total direct and management fee allocated Medicaid expenses submitted on the quarterly filing for Claims Adjustment and General Administrative expenses are \$77,139,319 and \$103,028,675, respectively. The total direct and indirect Medicaid expenses submitted on the Annual Statement for Claims Adjustment and General Administrative expenses are \$77,278,348 and \$100,194,769, respectively. The \$2,694,877 difference is unexplained. Coventry was unable to support the amount by line of business on the Annual Statement. Coventry provided high-level support for the amount by line of business on the quarterly filing but was unable to provide detailed support showing how the amounts were derived. Coventry indicated the quarterly filing amounts were correct using GAAP reporting and stated that allocations were based on revenues and membership. The reported Claims Adjustment and General Administrative expenses per the Underwriting Exhibit at Appendix C of \$77,139,319 and \$100,922,730, respectively, were unsupported and will be adjusted to agree to the quarterly filing.

We compared total Coventry administrative and claim adjustment expenses reported on the quarterly filing by line item for the current year and prior year and obtained explanations for any line item with a change greater than \$100,000 and 10%. Total general administrative expenses, excluding investment expenses, for 2019 were \$148,120,926 compared to 2020 expenses of \$185,827,499. The increase of \$37,706,573 is primarily due to the inclusion of \$11,607,700 in Health Insurer Fee expense in 2020, which was not applicable in 2019. The remaining increase is due to an increase in member months, from 1,761,064 in 2019 to 2,352,872 in 2020.

We inspected the accounts included in the schedule of direct and management fee expense. Within the direct expenses we found \$11,174,282 of Health Insurance Fee expense which is reimbursed separately and \$351,654 in interest payments for late claims expense which should be excluded from the Underwriting Exhibit at Appendix C. Within the management fee expenses, we judgmentally selected accounts for further inspection from the management fee expense. Coventry did not provide timely support for the selected accounts.

AMA and AHM provide Coventry with administrative services. The Management Services Agreement (MSA) by and between AMA and Coventry effective March 2016 allows for an administrative fee equal to a percent of revenues. The MSA by and between AHM and Coventry effective January 2014 provides for an administrative fee equal to a percent of revenues with a year-end true up to allocated costs. Caremark Rx, L.L.C. provides Coventry with Pharmacy Benefit Management services. The Service Agreement by and between AHM and Caremark Rx, L.L.C. effective October 2013 allows for a per claim administrative fee. Payments made to AMA and AHM were \$165,975,689 which includes administrative payments made to Caremark Rx, L.L.C. of \$1,582,612.

Schedules documenting allocated costs from AMA and AHM were provided to agree to amounts included with Coventry administrative expenses. Coventry self-excluded a large portion of management fees in excess of cost related to the first half of the year. An adjustment of (\$18,224,696) is necessary to remove the portion of management fees in excess of cost related to the second half of the year.



Coventry has not provided support to show that administrative expenses made to Caremark Rx, L.L.C. were recorded at cost or met the related party exception provided for within CMS Publication 15-1: 1010.

Support documenting the administrative portion of expenses related to the vendors LogistiCare Solutions, LLC, DentaQuest, LLC, VSP, Inc., and MedSolutions, Inc. has not been provided by Coventry. Thus, it is unclear whether administrative and medical costs have been appropriately split. These vendors provide administration of the non emergent transportation benefit, administration of the dental benefit, administration of the vision benefit, and utilization management for radiology services.

Healthcare Quality Improvement Expenses (HCQI)

Medical Management expenses are accumulated with administrative expenses at the AMA level. Coventry is charged a management fee by AMA. The management fee is based on Administrative Service Agreement (ASA) rates. The ASA rates are supposed to be a representation of actual cost. Therefore, properly calculated ASA rates allow for the proper amount of Medical Management expenses allocated to Coventry Health Care of Virginia, Inc. Medicaid ASA rates were analyzed and are described above. Total Medical Management expenses for AMA in 2020 are \$27,611,033. This is comprised of \$12,640,644 of quality improvement expenses, \$14,035,191 of medical management expenses, and \$935,198 of expenses to improve patient safety. Coventry did not report an amount for care coordination. Based on the prior year, care coordination expense was reported in CC 13740 – AMA VA LTSS Care MGMT. The current year expense reported in CC 13740 is \$21,031,483. In the prior year, care coordination costs were \$19,704,725.

Reinsurance

Coventry stated there was no reinsurance premium expense nor were there recoveries related to 2020. This is consistent with the Annual Statement.



COVENTRY HEALTH CARE OF VIRGINIA, INC.
APPENDIX C: UNDERWRITING EXHIBIT

Underwriting Exhibit for the Year Ending December 31, 2020						
	Medallion 3.0	Medallion 4.0 Non-Expansion	Medallion 4.0 Expansion	CCC Plus Non-Expansion	CCC Plus Expansion	Total Medicaid
Administrative Expense						
Claims Adjustment Expenses	\$ 2,428	\$ 17,949,268	\$ 20,438,779	\$ 34,072,791	\$ 4,676,053	\$ 77,139,319
General Administrative Expenses	\$ 689,834	\$ 21,140,062	\$ 26,494,718	\$ 47,115,453	\$ 5,482,663	\$ 100,922,730
Total Administrative Expenses	\$ 692,262	\$ 39,089,330	\$ 46,933,497	\$ 81,188,244	\$ 10,158,716	\$ 178,062,049
Less: Self-Reported Excludable Expenses *	\$ (746,480)	\$ (8,920,415)	\$ (13,865,034)	\$ (25,066,442)	\$ (2,074,148)	\$ (50,672,519)
Reported Administrative Expenses	\$ (54,218)	\$ 30,168,915	\$ 33,068,463	\$ 56,121,802	\$ 8,084,568	\$ 127,389,530
Adjustment 1: Agree administrative expenses to the quarterly filing	\$ 333,829	\$ 359,465	\$ (155,114)	\$ 1,871,930	\$ (304,163)	\$ 2,105,947
Adjustment 2: Add self excluded Federal Income Tax expense not included in reported expenses	\$ 533,141	\$ 1,735,127	\$ 4,191,231	\$ 8,164,908	\$ 358,987	\$ 14,983,394
Adjustment 3: Remove related party management fees in excess of cost for the months of July through December and redistribute Jan- Jun based on verified total revenue	\$ -	\$ (4,535,315)	\$ (4,430,362)	\$ (8,302,106)	\$ (956,913)	\$ (18,224,696)
Adjustment 4: Remove Health Insurance Fee	\$ -	\$ (2,547,680)	\$ (2,866,934)	\$ (5,164,410)	\$ (595,258)	\$ (11,174,282)
Adjustment 5: Remove interest payments for late claims		\$ (80,175)	\$ (90,222)	\$ (162,524)	\$ (18,733)	\$ (351,654)
Total Adjusted Administrative Expenses	\$ 812,752	\$ 25,100,337	\$ 29,717,062	\$ 52,529,600	\$ 6,568,488	\$ 114,728,239
Net Premium Income	\$ 55,940	\$ 413,576,851	\$ 470,938,735	\$ 785,085,897	\$ 107,742,956	\$ 1,777,400,379
Adjustment 6: Remove Health Insurance Fee revenues	\$ -	\$ (3,679,003)	\$ (6,540,451)	\$ (3,689,242)	\$ (551,266)	\$ (14,459,962)
Adjustment 7: Include change in unearned premium reserves and reserve for rate credit	\$ -	\$ (32,400,081)	\$ (41,996,081)	\$ (12,401,364)	\$ (18,682,159)	\$ (105,479,685)
Adjusted Net Premium Income	\$ 55,940	\$ 377,497,767	\$ 422,402,203	\$ 768,995,291	\$ 88,509,531	\$ 1,657,460,732
Percentage of Adjusted Administration Expenses to Net Premium Income	1452.90%	6.65%	7.04%	6.83%	7.42%	6.92%



COVENTRY HEALTH CARE OF VIRGINIA, INC.
APPENDIX C: UNDERWRITING EXHIBIT

Underwriting Exhibit for the Year Ending December 31, 2020						
	Medallion 3.0	Medallion 4.0 Non-Expansion	Medallion 4.0 Expansion	CCC Plus Non-Expansion	CCC Plus Expansion	Total Medicaid
Separately Identified Expenses included in Adjusted Administrative Expenses						
Healthcare Quality Improvement Expenses (HCQI)	\$ -	\$ 6,195,997	\$ 7,633,263	\$ 11,415,243	\$ 1,315,738	\$ 26,560,241
Fraud Reduction and Recovery Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Start Up / Other Non Recurring Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Care Coordination expenses as defined within the MCO contract	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COVID 19 Related Expenses: Non Recurring	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COVID 19 Related Expenses: Long Term program changes as a result of the pandemic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Allowable Member Incentives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* Medicaid expenses excluded by the MCO include related party management fees in excess of costs (\$29,355,254); lobbying expenses (\$8,790), contribution/donation expenses (\$4,478); State and Federal income taxes (\$20,979,091); and, accruals for future losses (\$324,906)



Appendix D: Schedule of Adjustments and Comments

During our procedures we noted certain matters involving costs, that in our determination did not meet the definitions of allowable administrative expenses and other operational matters that are presented for your consideration.

Adjustment #1 – Agree administrative expenses to the quarterly filing.

The reported administrative expenses on the Underwriting Exhibit at Appendix C were based on statutory reporting. The reported administrative expenses on the quarterly filing were based on GAAP reporting. Coventry has indicated the quarterly filing allocations are based on revenues and membership counts and are the costs that should have been used for the Underwriting Exhibit.

Proposed Adjustment					
Medallion 3.0	Medallion 4.0 Non-Expansion	Medallion 4.0 Expansion	CCC Plus Non-Expansion	CCC Plus Expansion	Total Medicaid
\$333,829	\$359,465	(\$155,114)	\$1,871,930	(\$304,163)	\$2,105,947

Adjustment #2 – Add self-excluded Federal Income Tax expense not included in reported expenses.

During inspection of the reported exclusion of State and Federal Income Tax expense it was noted that the reported Federal Income Tax expense was not included within the reported administrative costs. An adjustment was made to add back the Federal Income tax portion of the self-exclusion.

Proposed Adjustment					
Medallion 3.0	Medallion 4.0 Non-Expansion	Medallion 4.0 Expansion	CCC Plus Non-Expansion	CCC Plus Expansion	Total Medicaid
\$533,141	\$1,735,127	\$4,191,231	\$8,164,908	\$358,987	\$14,983,394

Adjustment #3 – Remove related party management fees in excess of cost for the months of July through December.

The self-reported exclusion of related party management fees in excess of costs included only those costs for January through June. In July 2020, Coventry reported a change in the management fee allocation process to a cost based methodology. However, we determined that the last six months of reported related party management fees were not valued at the cost of the related party. An adjustment was made to remove related party management fees in excess of costs and to agree filed January through June exclusion based on verified revenues. (42 CFR § 413.17)



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed Adjustment					
Medallion 3.0	Medallion 4.0 Non-Expansion	Medallion 4.0 Expansion	CCC Plus Non-Expansion	CCC Plus Expansion	Total Medicaid
\$-	(\$4,535,315)	(\$4,430,362)	(\$8,302,106)	(\$956,913)	\$(18,224,696)

Adjustment #4 – Remove Health Insurance Fee.

During inspection of Account 762.6005.18182.00.001.18151, HCR Annual Health Insurer Fee, we found this account contained the Health Insurance Fee. This fee is reimbursed by the Department outside of the rate setting process and thus an adjustment was made to remove the expense. Coventry also did not exclude the related revenues from Net Premium Income. See Adjustment #6 for the related adjustment for Health Insurance Fee revenues.

Proposed Adjustment					
Medallion 3.0	Medallion 4.0 Non-Expansion	Medallion 4.0 Expansion	CCC Plus Non-Expansion	CCC Plus Expansion	Total Medicaid
\$-	(\$2,547,680)	(\$2,866,934)	(\$5,164,410)	(\$595,258)	(\$11,174,282)

Adjustment #5 – Remove interest payments for late claims.

During inspection of Account 762.6011.16861.00.000.16585, Late Claims Interest, we found this account contained non-allowable interest expense related to late claims payments. An adjustment was made to remove this expense. (45 CFR § 75.441)

Proposed Adjustment					
Medallion 3.0	Medallion 4.0 Non-Expansion	Medallion 4.0 Expansion	CCC Plus Non-Expansion	CCC Plus Expansion	Total Medicaid
\$-	(\$80,175)	(\$90,222)	(\$162,524)	(\$18,733)	(\$351,654)

Adjustment #6– Remove Health Insurance Fee revenues.

During inspection of Account 762.4001.52199.00.000.20470, HCR Annual Health Insurer Fee Revenue, we found this account contained the Health Insurance Fee revenue. As the fee is reimbursed by the Department outside of the rate setting process and thus an adjustment was made to remove the revenue. Coventry also did not exclude the related expenses from Administrative expenses. See Adjustment #4 for the related adjustment for Health Insurance Fee expense.



SCHEDULE OF ADJUSTMENTS AND COMMENTS

Proposed Adjustment					
Medallion 3.0	Medallion 4.0 Non-Expansion	Medallion 4.0 Expansion	CCC Plus Non- Expansion	CCC Plus Expansion	Total Medicaid
\$-	(\$3,679,003)	(\$6,540,451)	(\$3,689,242)	(\$551,266)	(\$14,459,962)

Adjustment #7– Include change in unearned premium reserves and reserve for rate credit.

Coventry excluded the change in unearned premium reserves and reserve for rate credit from reported net premium income. Per review of the general ledger detail these amounts include accruals for current year MLR and Underwriting Gain rebates and risk corridor amounts due to/from Coventry. The amounts reported on the quarterly filing for the Medallion 3.0 change in unearned premium reserves and reserve for rate credit included true ups for previous years, and thus were not included in the adjustment amounts shown below. A portion of the amount reported on the quarterly filing for the Medallion 4.0 included true ups for previous years, only the portion related to current years was included in the adjustment. (45 CFR § 158.130(b))

Proposed Adjustment					
Medallion 3.0	Medallion 4.0 Non-Expansion	Medallion 4.0 Expansion	CCC Plus Non- Expansion	CCC Plus Expansion	Total Medicaid
\$-	(\$32,400,081)	(\$41,996,081)	(\$12,401,364)	(\$18,682,159)	(\$105,479,682)