

**United Health Insurance Company
Report on Adjusted Medical Loss Ratio and Adjusted
Underwriting Gain Rebate Calculations for Commonwealth
Coordinated Care Plus
(With Independent Accountant's Report Thereon)**

**Virginia Department of Medical Assistance Services
Richmond, Virginia**

**For the period of January 1, 2018
through December 31, 2018**

Prepared by:





Table of Contents

■ Table of Contents	1
■ Independent Accountant's Report.....	2
■ Adjusted Medical Loss Ratio - Calendar Year Ending December 31, 2018	3
■ Adjusted Underwriting Gain - Calendar Year Ending December 31, 2018	4
■ Schedule of Adjustments and Comments.....	5

Independent Accountant's Report

Virginia Department of Medical Assistance Services
Richmond, Virginia

We have examined the accompanying Adjusted Medical Loss Ratio and Adjusted Underwriting Gain Rebate Calculations of United Health Insurance Company (UHIC)'s related to the Commonwealth Coordinated Care Plus Program (CCC Plus) for the period of January 1, 2018 through December 31, 2018. UHIC's management is responsible for presenting the Medical Loss Ratio and Underwriting Gain Rebate Calculations in accordance with the criteria set forth in CCC Plus contract and Centers for Medicare & Medicaid Services (CMS) federal guidance 42 CFR 438.8. Our responsibility is to express an opinion on the Adjusted Medical Loss Ratio and Adjusted Underwriting Gain Rebate Calculations 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 and Adjusted Underwriting Gain Rebate Calculations are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Adjusted Medical Loss Ratio and Adjusted Underwriting Gain Rebate Calculations. 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 and Adjusted Underwriting Gain Rebate Calculations, 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.

The accompanying Adjusted Medical Loss Ratio and Adjusted Underwriting Gain were prepared for the purpose of complying with the criteria, and are not intended to be a complete presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the above referenced accompanying Adjusted Medical Loss Ratio and Adjusted Underwriting Gain Rebate Calculations of UHIC are presented in accordance with the above referenced criteria, in all material respects, the Adjusted MLR Percentage Achieved exceeds the minimum requirement of eighty-five percent (85%), and the Adjusted Underwriting Gain Percentage Achieved is less than the maximum requirement of three percent (3%) for the period of January 1, 2018 through December 31, 2018.

This report is intended solely for the information and use of the Virginia Department of Medical Assistance Services and UHIC and is not intended to be and should not be used by anyone other than these specified parties.

Myers and Stauffer LC
Glen Allen, VA
January 21, 2021



UNITED HEALTH INSURANCE COMPANY
ADJUSTED MEDICAL LOSS RATIO

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2018

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2018				
Line #	Revenue or Expense	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Medical Loss Ratio Numerator				
1.1	Claims	\$ 410,249,809	\$ (1,066,978)	\$ 409,182,831
1.2	Improving health care quality expenses	\$ 21,974,177	\$ -	\$ 21,974,177
1.3	Total Adjusted MLR Numerator	\$ 432,223,986	\$ (1,066,978)	\$ 431,157,008
Medical Loss Ratio Denominator				
2.1	Revenue	\$ 443,892,488	\$ -	\$ 443,892,488
2.2	Federal and State taxes and licensing or regulatory fees	\$ 6,033,421	\$ -	\$ 6,033,421
2.3	Total Adjusted MLR Denominator	\$ 437,859,067	\$ -	\$ 437,859,067
Credibility Adjustment				
3.1	Member Months to determine credibility	284,798	-	284,798
3.2	Credibility adjustment	1.3%		1.3%
MLR Calculation				
4.1	Unadjusted MLR	98.7%	-0.2%	98.5%
4.2	Credibility adjustment	1.3%	0.0%	1.3%
4.3	Adjusted MLR	100.0%	-0.2%	99.8%
Remittance Calculation				
5.1	Is plan membership above the minimum credibility value? (Y/N)	Y		Y
5.2	MLR standard	85.0%		85.0%
5.3	Adjusted MLR	100.0%	-0.2%	99.8%
5.4	MLR denominator	\$ 437,859,067	\$ -	\$ 437,859,067
5.5	Remittance amount due to State for Coverage Year	\$ -	\$ -	\$ -



UNITED HEALTH INSURANCE COMPANY
ADJUSTED UNDERWRITING GAIN

Adjusted Underwriting Gain for the Calendar Year Ending December 31, 2018

Adjusted Underwriting Gain for the Calendar Year Ending December 31, 2018				
Line #	Revenue or Expense	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Medical Loss Ratio Denominator				
1.1	Revenue	\$ 443,892,488	\$ -	\$ 443,892,488
1.2	ACA Health Insurer Fee Tax Gross-up included in 1.1	\$ 265,721	\$ -	\$ 265,721
1.3	Federal and State taxes and licensing or regulatory fees	\$ 6,033,421	\$ -	\$ 6,033,421
1.4	Total Adjusted Underwriting Gain Denominator	\$ 437,593,346	\$ -	\$ 437,593,346
Medical Expenses				
2.1	Claims	\$ 410,249,809	\$ (1,066,978)	\$ 409,182,831
2.2	Improving health care quality expenses	\$ 21,974,177	\$ -	\$ 21,974,177
2.3	Total Adjusted Underwriting Gain Claims Expenses	\$ 432,223,986	\$ (1,066,978)	\$ 431,157,008
Non-Claims Costs				
3.1	Administrative Expenses	\$ 19,467,700	\$ 1,066,978	\$ 20,534,678
3.2	Less: Unallowable Expenses	\$ -	\$ -	\$ -
3.3	Allowable Administrative Expenses	\$ 19,467,700	\$ 1,066,978	\$ 20,534,678
Underwriting Gain				
4.1	Underwriting Gain \$	\$ (14,098,340)	\$ -	\$ (14,098,340)
4.1	Less: Remittance Amount Due to State for Coverage Year	\$ -	\$ -	\$ -
4.2	Adjusted Underwriting Gain \$	\$ (14,098,340)	\$ -	\$ (14,098,340)
4.3	Underwriting Gain %	-3.2%	0.0%	-3.2%
Underwriting Gain Remittance Calculation				
5.1	Member Month Requirement Met?	Y		Y
5.2	At least 12 months contract experience at the beginning of the Contract Year?	N		N
5.3	Percent to Remit	N/A	N/A	N/A
5.4	Amount to Remit	N/A	N/A	N/A



Schedule of Adjustments and Comments for the Calendar Year Ending December 31, 2018

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

Adjustment #1 – Reclassify capitated payments made to MTM, the non-emergent transportation vendor, in excess of claims expense reported by MTM from claims expense to administrative expense.

The health plan reported a per-member-per-month (PMPM) capitation expense for non-emergent transportation services arranged by MTM. During the examination, it was determined that this capitation expense was greater than the actual claims incurred and paid by MTM. Since these claims were incurred for members of the Virginia Medicaid program, the expense was adjusted to actual claims cost utilizing supporting documentation. The excess has been reclassified to administrative expense.

The third party requirements are addressed in CMS MLR Guidance issued 7/18/11 (Q and A #19), 5/13/11 (Q and A #12), and 2/10/12 (Q and A #20). CMS Guidance states that “an issuer may only include as reimbursement for clinical services (incurred claims) the amount that the vendor actually pays the medical provider or supplier for providing covered clinical services or supplies to enrollees”. Question #12 recognizes items for inclusion in the non-claims cost component. Additionally, the third party reporting requirements are also stated in the Medicaid Managed Care Final Rule 42 CFR § 438.8(k)(3), 45 CFR 158.140(b)(3)(ii), and CMCS Informational Bulletin: Medicaid Managed Care FAQ – Medical Loss Ratio 06/05/2020.

Proposed Medical Loss Ratio Adjustment:

Line #	Line Description	Amount
1.1	Claims	(\$1,066,978)

Proposed Underwriting Gain Adjustment:

Line #	Line Description	Amount
2.1	Claims	(\$1,066,978)
3.1	Administrative Expenses	\$1,066,978



SCHEDULE OF ADJUSTMENTS AND COMMENTS

The Virginia Department of Medical Assistance Services had no comments on the draft report.



MYERS AND STAUFFER LC
 CERTIFIED PUBLIC ACCOUNTANTS

September 4, 2020

Sharol Zell, Associate Accounting Director
 United Health Insurance Company
 9800 Healthcare Lane, 95061
 Minnetonka, MN 55343

Dear Ms. Zell:

Please acknowledge whether you accept or disagree with our proposed adjustments summarized below and applicable to our examination of United Health Insurance Company's CCC Plus MLR and Underwriting Gain rebate calculations for the period of January 1, 2018 through December 31, 2018. Also, please explain any disagreement you may have with the proposed issues.

Please provide your response by September 18, 2020.

**United Health Insurance Company CCC Plus
 January 1, 2018 through December 31, 2018**

Adjustment	MCO's Response	
1. Reclassify payments made to MTM, a non-emergent transportation vendor, in excess of claims expense reported by MTM from claims expense to administrative expenses.	Accept _____ X	Disagree _____

Acknowledged by:
 United Health Insurance Company

 Officer or other Authorized Person

9/25/2020

 Date