

Title: Medical Loss Ratio Reporting

Issuance Date: October 30, 2024

(Reviewed annually)

Applicable Regulations, Guidelines, and AHS Policy:

Federal statute or rule:

CMS 42 CFR Part 438.8 - Health Insurance Issuers Implementing Medical Loss Ratio (MLR) Requirements under the Patient Protection and Affordable Care Act (75 FR 74864) [Regulations and Guidance | CMS](#)

Purpose:

As an insurance provider, Vermont must spend at least 80% or 85% of the premium dollars taken in on healthcare costs and enhancements. Otherwise, a refund must be provided to policyholders. The Medical Loss Ratio Report provides Vermont's ratio to the Center for Medicare and Medicaid Services (CMS), ensuring consumers receive maximum value for their healthcare dollars. DVHA's due date to submit this annual request to AHS is February 4th of each year.

Procedure:

Open the prior Medical Loss Ratio (MLR) Report submitted to AHS. Update the data using the calendar year (CY) Financial Balancing Report (FBR), Earnings Report and AlloCAP cross-departmental report.

Medical Loss Ratio (MLR) Report submitted to AHS consists of CALENDAR YEAR data, not State Fiscal Year Data.

When completing each section within the MLR report, pay close attention to what each section is referencing and if any new CAP (Cost Allocation Plan) codes need to be included (Program Codes and/or Final Receivers) in the calculations.

Section 1. Premium

- Total PMPM Capitation Rate GC - AHS provides this number which is reported on the CMS 64.

Section 2. Claims

2.1 Adjusted Incurred Claims - This is the CY Total of All Program Expenditures for Global Commitment for ALL AHS Departments.

2.2 Prescription drugs - This CY total comes from the Pharmacy row of the All Program Expenditures for Global Commitment for ALL AHS Departments, plus the TPL - Drug from All Program Expenditures for Global Commitment for ALL AHS Departments.

2.3 Pharmaceutical rebates - This is the CY Total of all Drug Rebates for Global Commitment for ALL AHS Departments and consists of Drug Rebates, ACA Rebates, Drug Rebate Interest and Supplemental Rebates.

2.4 Net incurred claims after reinsurance - This is a cell reference to the Adjusted Incurred Claims.

Section 3. Improving Health Care Quality Expenses Incurred

3.1 VCCI - This consists of Final Receiver amounts in the CY Earnings Report for:

- 41090 SPMP
- 41407 Care Management 75/25
- 41491.101 Chronic Care Initiative
- 41703 EQHealth

Chronic Care Initiative - CY Earnings Report line for 41491

EQHealth - This is the Total Allocation for EQHealth to be entered into the CY20XX Earnings Report Breakouts.

- Use the QE12XX Allocations Master percentage for 41703 to calculate the percentage for the eQHealth ONLY Total Allocation for final receivers 99999.9900 and 99999.9903.

Sum the Final Receiver totals for 99999.9900 Medicaid - Admin 50/50, 99999.9908 SPMP - Staff 75/25, 99999.9909 - SPMP Other Agency, 99999.9911 - Legacy MMIS Staff O&M 75%, and 99999.9912 - Legacy MMIS Contracts O&M 75%.

3.2 Quality Team - This consists of Final Receiver amounts in the CY Earnings Report for:

- 41629.101 Quality Improvement Division
 - The Final Receiver total for 99999.9900 Medicaid - Admin 50/50.

3.3 Blueprint Health Homes - This consists of Final Receiver amounts in the CY Earnings Report for:

- 41627.101 Blueprint Administration 41628.101 Blueprint - Partnerships Contract
 - Sum the Final Receiver totals for 99999.9900 Medicaid - Admin 50/50 PLUS Final Receiver totals for 99999.9102 Investments (STC-79) - Vermont Blueprint for Health (51).

3.4 Health information technology expenses related to health improvement - This consists of Final Receiver amounts in the CY Earnings Report for:

- 37704.101 HIE Contracts - Fair Share
- 41618.101 HSE PMO - Staff
- 41632.101 HSE PMO - Contracts
- 41692.101 HCR/HIT Contracts
- 41693.101 HIT: Implementation and Operation - Staff
- 41694.101 HIT: Implementation and Operation - Contracts
- 41731.101 Portfolio Management - Staff
- 41732.101 Portfolio Management Contracts
 - Sum the Final Receiver totals for 99999.9900 Medicaid - Admin 50/50 PLUS Final Receiver totals for 99999.9101 Investments (STC-79) - Vermont Information Technology Leaders/HIT/HIE/HCR (8).

3.5 Total of defined expenses incurred for improving health care quality is the sum of 3.1 through 3.4.

Section 4. Non-Claims Costs:

The CY Earnings Report is utilized to obtain data for Section 4.

4.1 Cost containment expenses not included in quality improvement expenses - This consists of the sum of the total allocation for:

- 41496.101 Coordination of Benefits (COB)

4.2 Salaries and benefits less other units, less anyone with eligibility and enrollment. This is the sum of the total allocation amounts for staffing, which consists of:

- 37308.101 Division of Rate Setting
- 41383.101 MMIS M&O Staffing
- 41394.101 Payment Reform - Staff
- 41486.101 Commissioner's Office
- 41487.101 Data Analysis Management and Reimbursement
- 41488.101 Pharmacy Unit
- 41490.101 Clinical Unit
- 41482.101 Program Improvement
- 41493.101 Provider and Member Relations

- 41495.101 Policy Unit
- 41497.101 Admin. Services
- 41626.101 Health Care Reform
- 41697.101 Reimbursement Unit
- 41699.101 Managed Care and Compliance

4.3 Fraud Prevention related activities - This consists of the sum of the total allocation for:

- 41489.101 Health Program Integrity

4.4 Other general and administrative expenses.

The CYXX Medicaid Admin summary AlloCap report is provided by AHS.

The Total of all Administrative Costs (see below) LESS HIT (section 3.4), Blueprint (section 3.3), Quality (section 3.2), VCCI (section 3.1), Salaries (section 4.2), PI & COB (section 4.1).

- The Total of Administrative Costs consists of a combination of all AHS Earnings Reports, the sum of the following Final Receivers:
 - 6206 PASRR - Preadmission Screening and Record Review
 - 9650 Medicaid Program (37710) - DDAS
 - 9651 Medicaid Admin (37700) - DDAS
 - 9652 Medicaid Admin (L&P)- Travel
 - 9653 Medicaid Admin - LTC
 - 9654 Medicaid Admin 50% - Comm Office
 - 9655 Medicaid Admin - PASRR - Preadmission Screening and Record Review
 - 9656 Medicaid Admin - Nurse Aid Testing
 - 9657 Medicaid Admin (L&P)
 - 9659 Medicaid Admin (42016) - DDAS
 - 9665 Medicaid - Admin 50/50 Line 49 - DDS
 - 9900 Medicaid - Admin 50/50 Line 49
 - 9908 SPMP - Staff 75/25 - Line 3a
 - 9909 SPMP - Other Agency 75/25 - Line 3b
 - 9911 Legacy MMIS Staff O&M 75%—Line 4a
 - 9912 Legacy MMIS Contracts O&M 75% - Line 4b

4.5 Total non-claims costs - this is a formula of the total of the sum of section 4.1, 4.2 and 4.3.

Section 5. Gain/(Loss):

This is a formula representing the Total PMPM Capitation Rate GC less the sum of the Net incurred claims after reinsurance (2.4), the Total of defined expenses incurred for improving health care quality (3.5) and the Total non-claims costs (4.4).

Section 6. Other indicators or information

The Total PMPM Capitation Rate GC (Milliman rates x actual enrollment) spreadsheet provided by AHS provides the enrollment numbers for the GC population and is used to complete this section.

- 6.1 Number of enrolled members - this is an average of the calendar year monthly subtotals for the Medicaid Eligibility Group.
- 6.2 Member months - this is the sum of the calendar year monthly subtotals for the Medicaid Eligibility Group.
- 6.3 Number of life-years.

Section 7 Admin Ratio

This is a formula representing the Total non-claims costs (4.4) divided by the sum of the Total non-claims costs (4.4), the Total defined expenses incurred for improving health care quality (3.5) and the Net incurred claims after reinsurance (2.4).

The AHS Business Office validates the MLR Report. Once AHS approves the MLR Report, the DVHA CFO signs and submits it to AHS.

Revision History:

Date	Summary of Revisions
03/31/2021	Add Program Code 41407 to section 3.1.
12/08/2021	Added list of documents provided by AHS. Updated Review and Approval History. Updated Review Date.
02/02/2022	Updated documentation based on new information discovered during MLR process. Added section 4.3 Fraud Prevention Activities.
05/23/2022	New CFO.
12/28/2023	New CFO.
10/24/2024	OMU update to ADA format.

Table 1 Revision History