

Acute Care Contract

Contract Year Ended September 30, 2020

(With Independent Accountants' Report Thereon)

Acute Care Contract

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KPMG LLP Suite 900 10 South Broadway St. Louis, MO 63102-1761

## Independent Accountants' Report

The Audit Committee of the Board of Directors Care1st Health Plan Arizona, Inc.:

We have examined the Medical Loss Ratio Report (subject matter) of Care1st Health Plan Arizona, Inc. (the Company) for the contract year ended September 30, 2020. The Company's management is responsible for the subject matter in accordance with the Arizona Health Care Cost Containment System (AHCCCS) Financial Reporting Guide (FRG) effective October 1, 2020 (the criteria). Our responsibility is to express an opinion on the subject matter 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 subject matter is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the subject matter. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the subject matter, 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.

In our opinion, the Medical Loss Ratio Report of the Company for the contract year ended September 30, 2020 is presented in accordance with the Arizona Health Care Cost Containment System (AHCCCS) Financial Reporting Guide (FRG) effective October 1, 2020, in all material respects.

The purpose of this report is to satisfy requirements of the Arizona Health Care Cost Containment System (AHCCCS) Financial Reporting Guide (FRG). Accordingly, this report is not suitable for any other purpose.



St. Louis, Missouri August 12, 2021

Medical Loss Ratio Report

Medical Loss Ratio Re MCO Name: Contract Year End:	eport 9/30/2020								GAAP Basis					Incurred Basis	NOTES: Do not duplicate any amounts in multiple lines. GAAP Basis (Columns H - L) should agree to the submitted financial statements. Audit Adjustments should be included in the Annual Adjustments column (Column M).
Contract rear End.	9/30/2020											Annual	Annual		USE FOR ANNUAL REPORT ONLY1.2 - Adjustment columns should
						Member Months	Dec-19	Mar-20	Jun-20	Sep-20	CYE 20	Adjustments <sup>1</sup>	Adjustments <sup>2</sup>	Restated CYE20	report prior year adjustments and true up any estimates to present on an incurred date of service basis. Any adjustments to be deducted should be
							527,211.00	515,680.00	529,664.00	543,002.00	2,115,557.00			2,115,557.00	entered as a negative number.
MLR Category	Citation	Format o Amount t be Entere	<b>b</b>	Detail Revenue	Specific Applicability to Line of Business	Financial Statement Account # (If applicable)									
				Include											
	42 CFR§438.8(f)(2)(i)	+	1	Prospective Capitation	ALL	40105-01	176,201,585.00	174,806,862.00	182,097,389.00	188,843,529.00	\$ 721,949,365	\$-	\$ (807,770)	\$ 721,141,595	Include full capitation including 1% withhold payment. Exclude pass- through payments revenue (reported in line: 17) and risk adjustment revenue (reported in line 6).
	40.0578.400.076(0)/"")			APM 1% Withhold Settlement 42 CFR 438.6(b)(3) and Performance Based Payments (PBP)	s ACC/ALTCS (ACOM 306) ALL - PBP		A			A 407 500	¢ 0.000.000	<u></u>			Include Alternative Payment Model (APM) settlements related to Withholds, Incentives (see ACOM 306) and Performance Based Payments (see ACOM 307). Unearned withhold should be deducted. Earned incentive should be added.
	42 CFR§438.8(f)(2)(iii) 42 CFR§438.8(f)(2)(ii)	+/-	3	(PBP) Delivery Supplement	ALL - PBP ACC/ALTCS	40115-01 40120-01		\$ 1,923,338 \$ 4,890,997		\$ 1,497,500 \$ 5,357,796	\$ 6,388,908 \$ 19,762,607	<u> </u>	\$ 730,453 \$ (125,856)		
	42 CFR§438.8(f)(2)(iv)	+	4	Unpaid Cost Sharing Amounts	ALL		\$ -	s -	\$ -	\$ -	\$ -	s -	\$ -	\$ -	Include unpaid cost-sharing amounts that could have been collected from enrollees under the contract, except those amounts that can be shown it made a reasonable, but unsuccessful, effort to collect.
	42 CFR§438.8(f)(2)(v)	+/-	5	Changes to Unearned Premium Reserves	ALL		\$	\$-	\$ -	\$	\$ -	\$ -	\$	\$ -	Include adjustments to Deferred Revenue
enu		+/-	6	Risk Adjustment (Footnote Suspended)	ACC	40105-01 Footnote 20 (Suspended) 40125-01, 40130-01		ş -	\$-	\$-	\$-	\$-	\$-	\$-	Include amounts for risk adjustment after adjusted amounts are computed or amounts that can be reasonably estimated and accrued.
eve	(1)(2)(1))	+/-	7	Prospective Tiered or Title XIX/XXI Reconciliation Settlement	ACC /ALTCS /RBHA	40125-01, 40130-01	\$ (2.133.042)	\$ 786.707	\$ (9.807.627)	\$ (6.485.723)	\$ (17.639.685)	\$ -	\$ (11.970.375)	\$ (29.610.060	
mium R	42 CFR9438.8 (1/2)(1/1)	+/-	8	Reserved Other Reconciliation Settlements	ACC/ ALTCS /RBHA	40145-01	\$ - : \$ -	\$ - \$ 2.798.522	\$ - \$ 7.878.233	\$ - \$ 4.121.278	\$ - \$ 14.798.033	s -	\$ - \$ (14.798.033)	s -	Include APSI settlement (see ACOM 325). Do not include monthly premium component of APSI.
Prei		+/-	10	Share of Cost (SOC) Settlement	ALTCS	40150-01		\$-	\$-	\$-	\$ -	\$ -	\$	\$ -	
		+/-	11	HCBS Settlement Health Insurance Providers Fee (HIPF) Revenue	ALTCS ACC/ALTCS/ RBHA	40155-01 40160-01		\$- \$4,283,483	\$ - \$ 4.466.336	\$ - \$ 4,385,422	\$ - \$ 13,135,241	\$ -	\$ - \$ (10,502)	\$ - \$ 13,124,739	
		+	13	Other Income	ALL	40310-01	Ť	\$ 17,378		\$ - \$ -	\$ 208,175	\$ -	\$ (10,502)		Other income should not include any types of non-operating income such as gain on sale, etc.
		+	14	Patient Contributions	ALTCS ACC/ALTCS/	40315-01	\$-	\$-	\$ -	\$-	\$ -	\$ -	\$ -	\$-	Amount should generally be stated as a positive number.
		+ +/-	15 16	Reinsurance Other Accruals (Explain below)	RBHA/CMDP ALL	70105-01	\$ 8,940,616 \$ -	\$     7,503,199 \$	\$ 6,548,669 \$ -	\$ 4,060,988 \$ -	\$ 27,053,472 \$ -	\$- \$-	\$ (5,310,583) \$ -	\$ 21,742,889 \$ -	
	42 CFR§438.8(f)(2)(i)		17	Deduct Pass - Through Payments Revenue	ACC/ALTCS		s - 1	s -	s -	s -	s -		\$ 16.923.064	\$ 16.923.064	Include Rural (ACC), Nursing Facility (ALTCS) and Targeted Investments (ACC/RBHA) Pass - Through Payments (if impacting income statement)
			18	Total Premium Revenue		Should agree to (40105- 01 - 40160-01) + 40310- 01 + 40315-01 + 70105-	\$ 189,860,842	\$ 197.010.486	\$ 197.003.998	\$ 201 780 790	\$ 785 656 116	s -			
		ı 	1 10				+ 103,000,042	÷ 757,010,400	÷ 137,000,550	÷ 201,700,730	+ 700,000,110	÷ -	÷ (10,000,002)	+ 110,230,014	
and				Taxes, Licensing and Regulatory Fees											Exclude Federal income taxes and tax benefit on investment income,
Fee	an 8(f)(3)(iii)	+	19	Federal Income & Federal Tax (include Tax Benefit)	ACC/ALTCS/ RBHA	90105-01		\$ 108,259	\$ 4,574,460	\$ 3,401,824	\$ 8,109,850	\$ -	\$ -	\$ 8,109,850	capital gains and Federal employment taxes.
tory	42 CFRS438.8(f)(3)(iii)	+	20 21	Premium Tax Health Insurance Providers Fee (HIPF)	ALL ACC/ALTCS /RBHA	90205-01 90305-01		\$ 3,751,331 \$ 3,374.627	\$ 3,624,808 \$ 3,399,482	\$ 3,922,942 \$ 3,395,193	\$ 14,881,042 \$ 10,169,302	\$ - \$ -	<del>s</del> -	\$ 14,881,042 \$ 10,169,302	
ric Lic	42 CFR§438.8(f)(3)	+	22	Other Federal, State, Local Taxes and Licensing and Regulatory Fees	ALL	30303-01	\$ -	\$ 0,014,027	\$ -	\$ -	\$ -	\$	\$	\$ 10,109,302	
Taxes, Reg	42 CFR§438.8(f)(3)	+	23	Community Benefit Expenses (otherwise exempt from Federal income tax) and Community Reinvestment Expenses meeting requirements of 45 CFR 158.162c	ACC/ALTCS/ RBHA	990105-01		\$ 27,000	\$ 712,019	\$ 24,754	\$ 806,273	\$ -	\$ -	\$ 806,273	Limited to 3% of earned premium
			24	Total Taxes, Licensing and Regulatory Fees			\$ 3,649,768	\$ 7,261,217	\$ 12,310,769	\$ 10,744,713	\$ 33,966,467	\$ -	\$-	\$ 33,966,467	

Medical Loss Ratio Report

														GAAP Basis (Columns H - L) should agree to the submitted
ct Year End:	9/30/2020							GAAP Basis					Incurred Basis	statements. Audit Adjustments should be included in the Adjustments column (Column M).
t rear End.	5/56/2525					Dec-19	Mar-20	Jun-20	Sen-20	01/5 00	Annual Adjustments <sup>1</sup>	Annual Adjustments <sup>2</sup>		USE FOR ANNUAL REPORT ONLY <sup>1,2</sup> - Adjustment columns
						Dec-19	Mar-20	Jun-20	Sep-20	CYE 20	Adjustments	Adjustments <sup>-</sup>	Restated CYE20	report prior year adjustments and true up any estimates to prese
	-			Incurred Claims Include										
				Include			Г							
	42 CFR§438.8(e)(2)(i)(A) & 42			Paid Claims - Exception for Subcontractors who provide Medicaid-covered services directly to Medicaid enrollees. The costs of the delegated managed care activities cannot be included in the managed care plan's medical loss ratio calculation. Contractors who have subcontractors with delegated managed care activities must	50105-01 through 50360 01, 50370-01; 60105-01 through 61305									Total reported in lines 25 and 26 should equal the total reported in come statement for Account #'s 50105-01 to 5036-01 and (60105 through 61305 for RBHAs). For ALTCS/EPD and D exclude Account # 50365-01 - ALTCS Case Management which reported in lines 59-64, as appropriate. The majority of the item requested to be quantified on a subsequent line in the Incur
	CFR§438.230(c)(2)(1)	+	25	include these costs in admin unless they are quality improvement activities.	ALL 01 (RBHA)	\$ 163,934,687	\$ 175,689,461 \$	159,122,423	\$ 164,500,832	\$ 663,247,403	\$ (334,220)	\$ (78,647,616)	\$ 584,265,567	section are not to be reported in line 25.
	42 CFR§438.8(e)(2)(i)(G)	+	26	Changes in other claims-related reserves (Change in unpaid claims between the prior year's and the current year's unpaid claims (i.e., RBUC) and change in claims incurred but not reported (IBNR) from the prior year to the current year)	ALL Change in A/C 20120-01	\$ 7,321,872	\$ (6,179,182) \$	(874,832)	\$ 2,446,777	\$ 2,714,635	\$-	\$ 55,006,765	\$ 57,721,400	Report changes each quarter from the prior Contract year IBNR
	42 CFR§438.8(e)(2)(i)(C)	+	27	Provider Withholds from Payments	ALL Footnote 16	\$-	\$-\$		\$-	\$-	\$-	\$-	\$-	
ims	42 CFR§438.8(e)(2)(iii)(A)	+	28	Provider Incentive/Bonus Payments	ALL Footnote 16	\$-	s - s		\$ -	\$-	\$-	\$ -	\$-	Include Incentives or bonuses to providers that are not includ APM Performance Based Payments
red Cla	42 CFR§438.8(e)(2) (iii)(B)	-	29	Payments recovered through Fraud Recovery efforts less related expenses	ALL 81405-01	s -	s - s	-	s -	\$-	s -	s -	s -	Report total Fraud Recoveries reduced by Fraud Recovery Ex amount of Fraud Recovery expenses must not inc Prevention Activities.
li cu	42 CFR§438.8(e)(2)(i)(H)	+	30	Contingent Benefits/ Medical claim portion of lawsuits	ALL	\$-	\$-\$	-	\$-	\$-	\$ -	\$ -	\$-	
-		+	31	Value Added Services (Explain below)	ALL	\$-	\$ - \$		\$-	\$-		\$-	\$ -	Include those services provided in addition to those covered ur plan for which costs are not included in capitation payments not covered by AHCCCS). These expenses should improv reduce costs, including interventions intended to add determinantis of health. Exclude community benefit expenses paid with Community Reinvestment funds (reported in line #23)
	42 CFR§438.8(e)(2)(ii)(A)		32	Deduct Provider/Subcontractor Overpayment Recoveries	ALL 70305-01	\$ 361.558	\$ 70.348 \$	(97.680)	\$ (21.592)	\$ 312,634	\$ -		\$ 312.634	Amount should be generally stated as a negative number.
	42 CFR§438.8(e)(2)(ii)(B)		33	Rx Rebates (received/accrued)	70310-05 ALL 71005-05	\$ 1 452 875	\$ (717,247) \$	(372,075)	\$ (466,628)	\$ (103,075)	Ŷ	\$ (2.165.099)		Amount should be generally stated as a negative number.
	42 CFR9436.6(e)(2)(ii)(B)		34	Pharmacy Performance Guarantee	ALL 70310-103	* ·/··=/···		(372,075)	\$ (400,028)	\$ (103,075) \$ (1,170,909.00)	<u>^</u>	\$ (2,165,099)		
		-							s -		ۍ کړ ا	\$ -		) Amount should be generally stated as a negative number.
	42 CFR§438.8(e)(2) (i) (D)(E)	-	35 36	TPL, COB, Subrogation Recoveries and recoverable COB claims Total Incurred Claims	ALL 70205-02		\$ (381,238) \$ \$ 167,772,615 \$	(355,723) 157,422,113	¢ (001,201)	\$ (1,420,792.00) \$ 663,579,896	\$ (334,220)	\$ 1,237,385 \$ (24,568,565)		) Amount should be generally stated as a negative number.
				Non-Claims Costs										
		1		Non-claims costs		[								Exclude Compensation classified as Health Care Quality
		+	37	Compensation	ALL 80105-01	\$ 3,137,555		4,654,482		\$ 18,761,424	\$-	\$ (2,478,384)		expenses (reported in lines 59 -64).
		+	38 39	Occupancy Depreciation	ALL 80205-01 ALL 80305-01	\$ 215,707 \$ 695,949		329,187 1,043,437	\$ 669,322 \$ 125,537	\$ 1,657,702 \$ 3,134,739	\$ - \$ -	\$ (123,943) \$ (258,999)	\$ 1,533,759 \$ 2,875,740	
				Care Management/Care Coordination not included in Health Care Quality Improvement							Ŷ	\$ (200,000)		
		+	40	Expenses	ALL 80405-01	\$ 301,891	\$ 615,682 \$	406,530	\$ 204,111	\$ 1,528,214	\$-	\$-	\$ 1,528,214	Exclude expenses classified as Health Care Quality Improvem
		+	41	Professional and Outside Services	ALI 80505-01	\$ 2,724,489	\$ 3,069,850 \$	330,172	\$ 395,714	\$ 6,520,225	s -	\$ (566,664)	\$ 5,953,561	(reported in lines 59-64) or as Fraud, Waste and Abu (reported in line 66).
		+		Office Supplies and Equipment	ALL 80605-01	\$ 232,256	\$ 500,914 \$	317,901	\$ 445,240	\$ 1,496,311	\$-	\$ (125,339)	\$ 1,370,972	
		+	43 44		ALL 80705-01 ALL 80805-01	\$ 140,868 \$ 61,090		23,166 76,216	\$ 1,127 \$ 77,186	\$ 286,244 \$ 316,807	\$ -	\$ (17,817) \$ (27,132)	\$ 268,427 \$ 289,675	
		+	44		ALL 80905-01	\$ 61,090		93.926			\$ - \$ -	\$ (27,132) \$ (24.092)		
		+	46		ALL 81005-01	\$ 41,465		17,576		\$ 234,363	\$ -	\$ (20,471)		
		+	47		ALL 81105-01	\$ (93,332		85,997			\$ -	\$ 538,095		
		+	48 49	Interest Expense Pharmacy Benefit Manager Expenses	ALL 81205-01 ALL 81305-01	\$ 30,771 \$ (43,095)		59,571 283,770	\$ 18,102 \$ 316,132	\$ 136,168 \$ 789,331	\$ - ¢	\$- \$-	\$ 136,168 \$ 789,331	
(se	42 CFR§ 438.8(e)(2)(v)(A)(1)	+	50		ALL 81505-01	φ (40,000	φ 202,024 ψ	200,110	φ 010,102	\$ -	ş - \$ -		\$ 703,331 \$ -	
ditur				Amounts paid to third party vendors for network development, administrative fees, claims processing, and utilization management.	81505-01								•	Any portion of the sub-capitation/block payment arrange explicitly attributed to the provision of administrative se
, per	42 CFR§ 438.8(e)(2)(v)(A)(1)	+	51	Amounts paid, including amounts paid to a provider, for professional or administrative	ALL	\$ 1,117,115	\$ 4,541,935 \$	3,127,309	\$ 3,481,853	\$ 12,268,212	\$ -	\$ (818,303)	\$ 11,449,909	provider should be included in this line and excluded from line
ative E	42 CFR§ 438.8(e)(2)(v)(A)(3)	+	52	services that do not regresent compensation or reimbursement for covered services provided to an enrollee. (e.g., Non-Medical (Administrative component) of Sub- Capitated or Block Pawnents)	81605-01	s -	s - s		s -	\$ -	s -	s -	s -	Any portion of the sub-capitation/block payment arrangement is explicitly attributed to the provision of administrative se provider should be included in this line and excluded from line
istr		+	53	Interpretation/Translation Services	ALL 82505-01		\$ - \$	-	\$ -	\$ -	\$ -	\$ -		
Ē	42 CFR§ 438.8(e)(2)(v)(A)(4)	+ +	54	Other Administrative Expenses	ALL 83005-01 ALI Footnote 16		\$ 2,798,616 \$	1,674,336	\$ 2,427,496		\$ -	\$ (736,214)		
osts (Ad		Ŧ	55	Fines and penalties assessed by regulatory authorities		\$ 880		-	ъ -	\$ 880	ə -	ф -		Include AHCCCS sanctions Include Rural (ACC), Nursing Facility (ALTCS) and Targeted I (ACC/RBHA) Pass - Through Payments (if impacting income :
aims C	42 CFR§438.8(e)(2)(v)(C).	+	56	Pass - Through Payments	ACC/ALTCS	ъ -	ə - S	-	<u>ه</u> -	<b>δ</b> -	φ -	\$ 16,923,064	\$ 16,923,064	Loss Adjustment Expense is considered a cost-containment should be reported as a non-claims cost. It should not be in

Medical Loss Ratio Report

Medical Loss Ratio Rep MCO Name:	oort											т			NOTES: Do not duplicate any amounts in multiple lines. GAAP Basis (Columns H - L) should agree to the submitted financi statements. Audit Adjustments should be included in the Annu
Contract Year End:	9/30/2020	)							GAAP Basis	1		Annual	Annual	Incurred Basis	Adjustments column (Column M). <u>USE FOR ANNUAL REPORT ONLY<sup>1,2</sup> - Adjustment columns shoul</u>
							Dec-19	Mar-20	Jun-20	Sep-20	CYE 20	Adjustments <sup>1</sup>	Adjustments <sup>2</sup>	Restated CYE20	report prior year adjustments and true up any estimates to present on a
	1	r													
s tha															For ALTCS/EPD and DDD LOBs: Account # 50365-01 - ALTCS Ca
ities	42 CFR§438.8(e)(3) 45 CFR§158.150(b)(1)	+	59	Health Care Quality Improvement and Other Expenses Improvement of health outcomes	ALL	91705-01	\$ 2,283,866	\$ 1,726,258	\$ 1,703,574	\$ 1,848,084	\$ 7,561,782	¢	¢	\$ 7,561,78	Management should be reported in lines 59-64 below, as appropriate.
° ti	45 CFR§158.150(b)(2)	+	60	Activities to prevent hospital readmission	ALL	81705-01	\$ 372.883	\$ 343.951		\$ 398,992			\$ -	\$ 1.443.49	
rac	45 CFR§158.150(b)(2)(iii)	+	61	Improvement of patient safety and reduce medical errors	ALL	81705-01	\$ 250,802	\$ 150,659				\$-	\$ -	\$ 741,21	7
alth a	45 CFR§158.150(b)(2)(iv)(4)	+	62	Wellness and health promotion activities	ALL	81705-01	\$ 670,669	\$ 548,982	\$ 752,068	\$ 748,583	\$ 2,720,302	\$-	\$-	\$ 2,720,30	2
iture e hee	45 CFR§158.150(b)(2)(v) & 45 CFR§158.151	+	63	Health information technology expenses related to improving health care quality	ALL	81705-01	\$ 731,587	\$ 588,059	\$ 712,494	\$ 726,302	\$ 2,758,442	\$ -	\$-	\$ 2,758,44	2
pend	42 CFR §438.8(e)(3)(ii) & 42 CFR §438.358(b) and (c).	+	64	Activities related to external quality review	AL I	81705-01	¢	\$ 211.465	\$ 266.066	\$ 41.879	\$ 519.410	¢	¢	\$ 519.41	
in Ex	011(3400.000(b) and (c).		65	Total Health Care Quality Improvement and Other Expenses	ALL		\$ 4,309,807					\$ -	\$ -		
				<b>1</b> ···· ···· <b>3 1</b> ··· ···· <b>1</b> ···						,,	,		•		
Expenditures related to activities compliant with 42 CFR §438.608(a)(1) through	42 CFR§438.8(e)(4) & 45														Improvements to infrastructure that prevents fraud, waste and abuse <b>on</b> going forward <b>basis</b> .
(5), (7), (8) and (b).	CFR§158.150(c)(8)	+	66	Program Integrity: Fraud, Waste, and Abuse Prevention Expenses	ALL		\$-	\$-	\$ -	\$ -	\$-	\$-	\$-	\$-	
	1				CMDP and small non-			1	1	r		-		-	
Credibility Adjustment	42 CEDS428 8/L)		67	Credibility Adjustment (If applicable)	LTSS <sup>3</sup> MCOs between 5,400 and 380,000 Annual Member Months		0.0%	0.0%	6 0.0%	0.0%	0.0%				If an MCO's annual member months are determined to be partially-credi the credibility adjustment factor must be manually entered as calcula using the guidance in the Credibility Adjustment tab.
creationity Aujustment	42 CFR9430.0(II)	Ŧ	07	Credibility Aujustment (ir applicable)	Annuar Member Month's		0.076	0.07	0.076	0.076	0.0 /	·		0.0	70
				Numerator						I.a				I.a	• 1
			68 69	Incurred Claims Expenditures for activities that improve health care quality			\$ 172,260,060 \$ 4,309,807			\$ 166,125,108 \$ 3,951,231				\$ 638,677,11 \$ 15,744,64	
us			70	Total			\$ 176,569,867		\$ 161,336,345					\$ 654,421,75	
tio				Denominator											
in the second			71	Premium Revenue Taxes, licensing and regulatory fees			\$ 189,860,842 \$ 3.649,768	\$ 197,010,486 \$ 7,261,217		\$ 201,780,790 \$ 10,744,713	\$ 785,656,116 \$ 33,966,467	-		\$ 770,286,51 \$ 33,966,46	
C al			72	Total			\$ 186,211,074			\$ 191,036,077	\$ 751.689.649			\$ 736,320,04	
Ř			74	Medical Loss Ratio			0.948224309	0.902991563	3 0.873536869	0.890283876	0.903730071			0.88877351	
Σ			75	Medical Loss Ratio with Credibility Adjustment			94.8%	90.3%	6 87.4%	89.0%	90.4%			88.9	%
ion of				Please describe methodology(ies) for allocation of expenditures:											Each expense must be included under only one type of expense.
ies) for allocat															portion of the expense fits under the definition of, or ortheria for, one typ expense and the remainder fits into a different type of expense, expense must be pro-rated between types of expenses. Expenses benefit multiple contracts must be reported on a pro-rata basis. Alloca to each category must be based on a generally accepted accoun method that is expected to yield the most accurate results. Sha
Methodology( x pe nditures.	42 CFR§438.8(g) 42 CFR§438.8(k)(vii)		76	Administrative expenses are allocated as a percentage of premium (capitated premiu	ms and maternitv∖ These premium	lines include both rec	eived as well as a	conied amounts	Associated premiur	n should trand close	by with overall evo	nsee and in turn fall i	in line with administra	tive expenses	expenses, including expenses under the terms of a management cont must be apportioned pro rata to the contract incurring the expe Expenses that relate solely to the operation of a reporting entity, suc personnel costs associated with the adjusting and paying of claims, be borne solely by the reporting entity and are not to be apportioned to other entities.
		· · ·			, and a second s						,				
	Accrued Revenue		77												
us	Value-Added Services		78 79												
tio			80												
ans			81												
Expl			82 83												
		· · ·													
				Please describe aggregation methodology:											AHCCCS requires that the MLR be calculated as one aggregate va representing all risk groups/populations and GSAs. AHCCCS reserves
Aggregation Method	42 CFR§438.8(h)(4)(i); 42 CFR§438.8(k)(xii)		84		The data	a in the report includes	all risk groups an	d GSAs under the	ACC contract.						right to modify this requirement and obtain MLR information on a risk gr and/or GSA specific basis.
55 <u>5</u>			••		no data										

## CARE1ST HEALTH PLAN ARIZONA, INC. Medical Loss Ratio Report

		GAAP Basis											[1a]	[1b]			Incurred Basis
													Annual		Annual		
			Dec-19		Mar-20		Jun-20		Sep-20		CYE 20		djustments		djustments		Restated CYE20
[2]	Total Premium Revenue	\$	189,860,842	\$	197,010,486	\$	197,003,998	\$	201,780,790	\$	785,656,116	\$	-	\$	(15,369,602)	\$	770,286,514
[3]	Total Taxes, Licensing & Regulatory Fees	\$	3,649,768	\$	7,261,217	\$	12,310,769	\$	10,744,713	\$	33,966,467	\$	-	\$	-	\$	33,966,467
[4]	Total Incurred Claims	\$	172,260,060	\$	167,772,615	\$	157,422,113	\$	166,125,108	\$	663,579,896	\$	(334,220)	\$	(24,568,565)	\$	638,677,111
[5]	Total Non-Claims Costs	\$	11,103,411	\$	22,907,103	\$	12,523,576	\$	10,831,331	\$	57,365,421	\$	-	\$	12,263,801	\$	69,629,222
[6]	Total Health Care Quality Improvement & Other Expenses		4,309,807	\$	3,569,374	\$	3,914,232	\$	3,951,231	\$	15,744,644	\$	-	\$	-	\$	15,744,644
[7]	Program Integrity: Fraud, Waste, and Abuse Prevention Expenses		-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
[8]	MLR Calculated Net Operating Income:	\$	(1,462,204)	\$	(4,499,823)	\$	10,833,308	\$	10,128,407	\$	14,999,688					\$	14,999,688
[9]	Enter: 99999 Net Profit (Loss)	\$	(204,865)	\$	(3,478,544)	\$	12,318,945	\$	10,805,910	\$	19,441,446					\$	19,441,446
[9]	Enter: 40305-01 Investment Income	\$	1,214,839	\$	994,279	\$	773,618	\$	652,749	\$	3,635,485					\$	3,635,485
[9]	Enter: 88999 Profit (Loss) from Non-Operating	\$	-	\$	-	\$	-	\$	-	\$	-					\$	-
[10]	Community Benefit / Reinvestment Expense	\$	42,500	\$	27,000	\$	712,019	\$	24,754	\$	806,273					\$	806,273
[11]	Check Figure	\$	(1,462,204)	\$	(4,499,823)	\$	10,833,308	\$	10,128,407	\$	14,999,688					\$	14,999,688
[12]	Difference	\$	-	\$	-	\$	-	\$	-	\$	-					\$	-

Notes:

[1a] USE FOR ANNUAL MLR REPORT ONLY - Adjustment column should report prior year adjustments. Any adjustments to be deducted should be entered as a negative number.

[1b] USE FOR ANNUAL MLR REPORT ONLY - Adjustment column should true up any estimates to present on an incurred date of service basis. Any adjustments to be deducted should be entered as a negative number.

[2] Line #18 of the MLR Reporting Template. Note: Premium revenue does not include non-operating income such as investment income or interest income.

[3] Line #24 of the MLR Reporting Template.

[4] Line #36 of the MLR Reporting Template.

[5] Line #58 of the MLR Reporting Template.

[6] Line #65 of the MLR Reporting Template.

[9] Line #66 of the MLR Reporting Template. Fraud prevention includes improvements to infrastructure that prevents fraud, waste and abuse on a going forward basis.
 [8] Auto calculates - do not enter anything in these cells.

[9] Enter (in natural state): Net Profit/(Loss), Investment Income, Non-operating Profit/(Loss) if any, as presented on Financial Reporting Template.

[10] Enter Line #23 Community Benefit / Reinvestment Expense.

[11] Auto calculates - do not enter anything in these cells.
 [12] Auto calculates - Column C through Column G, a difference between (\$1.00) and \$1.00 will result in cell being green; a difference greater than \$1.00 or less than (\$1.00) will result in cell being red. If cell is red, reconcile the difference.