

 HealthPartners™

Medical loss ratio

Audits: We've been waiting for you

January 2017

1

Today's walk through

- **UNDERSTAND** Medical Loss Ratio (MLR) reporting basics
- **LEARN** strategies to navigate through an MLR audit
- **UNDERSTAND** risk areas and prepare for a MLR audit before the audit notice
- **Q&A**




2

Trusted and dedicated




- HealthPartners is a Minnesota-based **integrated health care organization** founded in 1957
- **Provides** health care services and health plan administration
- Employs more than **23,000**
- **Non-profit** & consumer governed

Loyal and supportive



- **1.5 million+ medical and dental health plan members nationwide**
 - Products: Commercial, Medicare, Medicaid, Self-Insured Administration
- **1 million+ patients**
- **Includes** hospital, primary, specialty care, dental and ancillary care services
- **1,700+ physicians**

Learning the MLR basics



PURPOSE

Ensure appropriate proportion of premium dollars to claims and quality improvement activity (QIA) costs


Determine premium rebates

SCOPE

Market segments: Individual, small group and large group

Separate MLR report for Medicare

MLR reporting basics



MLR submissions

Rebates

Retrieving basic calculations

Total paid claims + Total QIA spend

Total Revenue – Federal & State taxes, licensing and regulatory fees

7

MLR audits

MLR & rebate calculations

Rebate distribution

Data aggregation

Adjustments

Allocation methods

Risk corridor calculation

MLR audits process

1. Announcement email (30-45 day requests)
2. Entrance call


3. Submission of 30 & 45 day info
4. Meetings on various topics

5. Sample requests
6. Clarification requests

7. Bi-weekly status calls
8. Exam reporting & conclusion

9


MLR audit reporting



- Call with auditors to review findings
- Draft report to CCIO
- Draft report received 3 days prior to CCIO exit conference
- Exit conference w/CCIO
- Report responses due 30 days from receipt of draft report (not date of exit conference)

10

MLR risk areas



Data

- Collection of enrollment and premium data

Market segment classifications

- Evidence to show proper classification
- Enrollment and renewal documentation
- Method of counting employees
- Process of reporting market segment to Finance

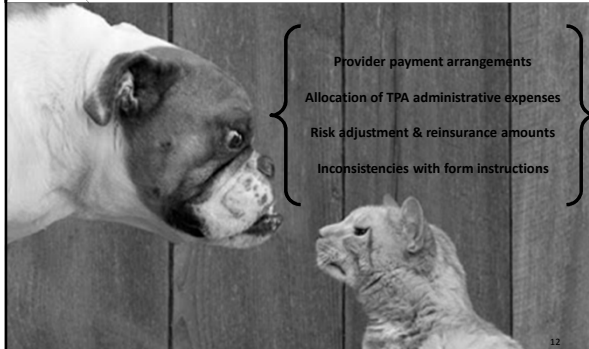
Quality improvement activities (QIA)

- Evidence that costs meet MLR definition
- Process on how QIA costs are assigned or allocated
- Quantitative support of staffing cost allocation (e.g., time studies)

Taxes

- Tax Allocations between entities and market segment

More MLR risk areas



- Provider payment arrangements
- Allocation of TPA administrative expenses
- Risk adjustment & reinsurance amounts
- Inconsistencies with form instructions

12

MLR tips & tricks



TIP: Not just a finance audit; compliance & other teams need to be familiar with guidelines too.

ENGAGE all teams

REVIEW key info

DETERMINE SMEs in advance

13

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Need more info

Ready for questions