

LOUISIANA DEPARTMENT OF HEALTH AND HOSPITALS
Baton Rouge, Louisiana

Independent Auditor's Report for the Louisiana Department of Health and Hospitals
Adjusted Medical Loss Ratio (MLR) Rebate Calculation of AmeriHealth Caritas Louisiana, Inc.

For the Calendar Year Ended December 31, 2013



TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	3
ORGANIZATION BACKGROUND	5
SCHEDULE OF ADJUSTMENTS AND COMMENTS	6
ADJUSTED MEDICAL LOSS RATIO REBATE CALCULATION	7

Independent Auditor's Report

Louisiana Department of Health and Hospitals

Report on Medical Loss Ratio Rebate Calculation

We have audited the accompanying AmeriHealth Caritas Louisiana, Inc.'s (ACLA) Adjusted Medical Loss Ratio Rebate Calculation for the calendar year ended December 31, 2013.

Management's Responsibility for the Medical Loss Ratio Rebate Calculation

ACLA's management is responsible for the preparation and fair presentation of the Medical Loss Ratio Rebate Calculation in accordance with the Bayou Health Financial Reporting Guide for Prepaid Organizations; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the Medical Loss Ratio Rebate Calculation that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Medical Loss Ratio Rebate Calculation based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Medical Loss Ratio Rebate Calculation is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the Medical Loss Ratio Rebate Calculation. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Medical Loss Ratio Rebate Calculation, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Medical Loss Ratio Rebate Calculation in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Medical Loss Ratio Rebate Calculation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Adjusted Medical Loss Ratio Rebate Calculation referred to above presents fairly, in all material respects, the financial position of ACLA for the calendar year ended December 31, 2013, in accordance with accounting principles generally accepted in the United States of America and based on criteria set forth in the Bayou Health Financial Reporting Guide for Prepaid Organizations.

Atlanta, Georgia
January 13, 2015

Organization Background

AmeriHealth Caritas Louisiana, Inc. (ACLA) was formed on October 5, 2010. ACLA provides Medicaid managed care services to enrollees in state of Louisiana. Effective February 1, 2012, ACLA entered into contract with the State of Louisiana's Department of Health and Hospitals (DHH) to provide care to Medicaid enrollees. ACLA is one of three providers that offer services on a full-risk basis.

ACLA is a wholly owned subsidiary of AmeriHealth Caritas Health Plan (ACHP) (formerly AmeriHealth Mercy Health Plan), a Pennsylvania partnership formed to develop and operate managed care business for Medicaid and Medicare enrollees.

Our examination was conducted from September 10, 2014 to December 17, 2014.

Schedule of Adjustments and Comments

During our audit we noted certain matters involving internal controls and other operational matters that are presented for your consideration. These adjustments, comments and recommendations are intended to improve internal controls or result in other operating efficiencies and are summarized below.

There were no adjustments or comments identified during the audit.

**AMERIHEALTH CARITAS LOUISIANA, INC.
ADJUSTED MEDICAL LOSS RATIO REBATE CALCULATION
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2013**

MLR Line #	MLR Line Description	Reported FY 2013	Adjustments	Adjusted FY 2013
Revenue and New Enrollee Adjustments				
1	Capitation and Maternity Payments	\$766,873,423		\$766,873,423
2	Less: Premium tax	\$17,254,652		\$17,254,652
3	Net YTD MLR Revenue	\$749,618,771		\$749,618,771
4	Less: Adj. attributed to new enrollees	\$0		\$0
5	Add: Adj. attributed to new enrollees	\$0		\$0
6	Adjusted MLR Capitation Revenue	\$749,618,771	\$0	\$749,618,771
MLR Medical and Administrative Expense Adjustments				
7	Net Medical Expenses from I/S	\$671,904,404		\$671,904,404
8	Plus: Incurred claim adj. additions	\$0		\$0
9	Less: Incurred claim adj. deductions	\$0		\$0
10	Less: Incurred claim adj. exclusions	\$0		\$0
11	Adjusted Net Medical Expenses	\$671,904,404	\$0	\$671,904,404
12	Plus: HCQI and HIT expenses	\$8,920,733		\$8,920,733
13	Adj. or Exc. to HCQI/HIT	\$0		\$0
14	Adjusted HCQI/HIT expenses	\$8,920,733		\$8,920,733
15	Adjusted MLR Expenses	\$680,825,137	\$0	\$680,825,137
16	Less: Adj. attributed to new enrollees	\$0		\$0
17	Add: Adj. attributed to new enrollees	\$0		\$0
18	Total Adj. MLR Expenses	\$680,825,137	\$0	\$680,825,137
19	MLR percentage achieved	90.8%		90.8%
20	MLR percentage requirement	85.0%		85.0%
21	Percentage above requirement	5.8%		5.8%
22	Dollar amount of rebate requirement	\$0		\$0