



**HEALTH NET ACCESS, INC. D/B/A
ARIZONA COMPLETE HEALTH – COMPLETE CARE PLAN**

Acute Care Contract

Contract Year Ended September 30, 2020

(With Independent Accountants' Report Thereon)

**HEALTH NET ACCESS, INC. D/B/A
ARIZONA COMPLETE HEALTH – COMPLETE CARE PLAN
Acute Care Contract**

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

Independent Accountants' Report

The Board of Directors and Stockholder
Health Net Access, Inc. d/b/a Arizona Complete Health – Complete Care Plan:

We have examined the Medical Loss Ratio Report – Acute Care Contract (subject matter) of Health Net Access, Inc. d/b/a Arizona Complete Health – Complete Care Plan (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 – Acute Care Contract 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.

KPMG LLP

St. Louis, Missouri
July 20, 2021

**HEALTH NET ACCESS, INC. D/B/A
ARIZONA COMPLETE HEALTH – COMPLETE CARE PLAN**

Medical Loss Ratio Report – Acute Care Contract

		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000			
Non-Claims Costs (Administrative Expenditures)		39	Care Management/Care Coordination not included in Health Care Quality Improvement Expenses	ALL	80405-01	\$ -	\$ 750,599	\$ 755,948	\$ 755,715	\$ 2,262,171	\$ -	\$ 2,262,171												
		40	Professional and Outside Services	ALL	80505-01	\$ 732,925	\$ 784,916	\$ 674,719	\$ 710,721	\$ 2,903,281	\$ -	\$ 2,903,281												
		41	Office Supplies and Equipment	ALL	80605-01	\$ 326,973	\$ 285,975	\$ 303,104	\$ 337,838	\$ 1,253,890	\$ -	\$ 1,253,890												
		42	Travel	ALL	80705-01	\$ 279,195	\$ 244,188	\$ 288,813	\$ 288,472	\$ 1,070,669	\$ -	\$ 1,070,669												
		43	Repair and Maintenance	ALL	80805-01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -											
		44	Bank Service Charge	ALL	80905-01	\$ 159,148	\$ 139,192	\$ 147,529	\$ 164,436	\$ 610,305	\$ -	\$ 610,305												
		45	Insurance	ALL	81005-01	\$ 72,207	\$ 63,153	\$ 69,935	\$ 74,606	\$ 276,901	\$ -	\$ 276,901												
		46	Marketing	ALL	81105-01	\$ 67,623	\$ 64,857	\$ 34,620	\$ 28,410	\$ 215,710	\$ -	\$ 215,710												
		47	Interest Expense	ALL	81205-01	\$ 383,946	\$ 301,719	\$ 459,070	\$ 1,267,048	\$ 2,421,783	\$ (1,112,764)	\$ 1,309,020												
		48	Pharmacy Benefit Manager Expenses	ALL	81305-01	\$ 1,062,376	\$ 1,694,262	\$ 1,449,100	\$ 1,437,160	\$ 5,642,897	\$ -	\$ 5,642,897												
		49	Other Administrative Expenses	ALL	83005-01	\$ 67,953	\$ 59,432.67	\$ 62,992	\$ 70,211	\$ 260,589	\$ -	\$ 260,589												
		50	Amounts paid to third party vendors for secondary network savings	ALL	81505-01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -											
		51	Amounts paid to third party vendors for network development, administrative fees, claims processing, and utilization management	ALL	81505-01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -											
	52	Amounts paid, including amounts paid to a provider, for professional or administrative services that do not represent compensation or reimbursement for covered services provided to an enrollee. (e.g., Non-Medical (Administrative component) of Sub-Capitated or Block Payments)	ALL	81605-01	\$ 1,228,858	\$ 907,851	\$ 158,420	\$ 299,354	\$ 2,594,483	\$ -	\$ 2,594,483													
	53	Fines and penalties assessed by regulatory authorities	ALL	Footnote 16	\$ 316,560	\$ 32,500	\$ -	\$ 43,124	\$ 392,184	\$ (316,560)	\$ 75,624													
	54	Pass - Through Payments	ACC/ALTCS			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -												
	55	Loss Adjustment Expense				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -												
	56	Total Non-Claims Costs				\$ 23,820,661	\$ 20,747,666	\$ 20,819,340	\$ 23,905,426	\$ 89,093,093	\$ (1,429,324)	\$ 87,663,769												
Expenditures for activities that improve health care quality	42 CFR§438.8(e)(3)		Health Care Quality Improvement and Other Expenses																					
	45 CFR§158.150(b)(1)	57	Improvement of health outcomes	ALL	81705-01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -												
	45 CFR§158.150(b)(2)	58	Activities to prevent hospital readmission	ALL	81705-01	\$ 689,006	\$ 956,780	\$ 948,162	\$ 1,048,329	\$ 3,642,276	\$ -	\$ 3,642,276												
	45 CFR§158.150(b)(2)(iii)	59	Improvement of patient safety and reduce medical errors	ALL	81705-01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -												
	45 CFR§158.150(b)(2)(iv)(4)	60	Wellness and health promotion activities	ALL	81705-01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -												
	45 CFR§158.151	61	Health information technology expenses related to improving health care quality	ALL	81705-01	\$ 19,919	\$ 41,831	\$ 265,710	\$ 302,225	\$ 629,685	\$ -	\$ 629,685												
	42 CFR§438.8(e)(3)(ii) & 42 CFR§438.358(b) and (c).	62	Activities related to external quality review	ALL	81705-01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -												
	63	Total Health Care Quality Improvement and Other Expenses				\$ 708,925	\$ 998,610	\$ 1,213,872	\$ 1,350,554	\$ 4,271,961	\$ -	\$ 4,271,961												
Expenditures related to activities compliant with § 438.608(a)(1) through (5), (7), (8) and (b).	42 CFR§438.8(e)(4) & 45 CFR§158.150(c)(8)	64	Program Integrity: Fraud, Waste, and Abuse Prevention Expenses	ALL		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -												
Credibility Adjustment	42 CFR§438.8(h)	65	Credibility Adjustment (if applicable)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%												
MLR Calculations			Numerator																					
		66	Incurred Claims			\$ 226,579,313	\$ 201,514,291	\$ 188,775,948	\$ 216,834,016	\$ 833,703,568	\$ 13,179,826	\$ 846,883,394												
		67	Expenditures for activities that improve health care quality			\$ 708,925	\$ 998,610	\$ 1,213,872	\$ 1,350,554	\$ 4,271,961	\$ -	\$ 4,271,961												
		68	Total			\$ 227,288,238	\$ 202,512,901	\$ 189,989,820	\$ 218,184,570	\$ 837,975,529	\$ 13,179,826	\$ 851,155,355												
				Denominator																				
		69	Premium Revenue			\$ 248,402,823	\$ 229,016,169	\$ 235,406,542	\$ 263,993,770	\$ 976,219,303	\$ (7,544,041)	\$ 968,675,262												
		70	Taxes, licensing and regulatory fees			\$ 5,254,251	\$ 13,023,206	\$ 11,213,899	\$ 16,488,064	\$ 45,979,423	\$ 196,364	\$ 46,175,787												
		71	Total			\$ 243,148,572	\$ 215,992,960	\$ 224,192,643	\$ 249,905,706	\$ 930,238,880	\$ (7,740,405)	\$ 922,499,475												
		72	Medical Loss Ratio			0.934771017	0.937590288	0.847440031	0.883675691	0.900816604	-1.702730726	0.922662157												
		73	Medical Loss Ratio with Credibility Adjustment			93.5%	93.8%	84.7%	88.4%	90.1%	-170.3%	92.3%												
Methodology(ies) for allocation of expenditures.		74	Please describe methodology(ies) for allocation of expenditures: AsCH-CCP utilizes the AHCCCS ACC Mapping Matrix based on procedure code and provider type to report to the appropriate expense categories. Expenses not directly attributable to a risk group are allocated based on historical and/or current claims payments.																					
		42 CFR§438.8(g) 42 CFR§438.8(k)(vi)																						
Explanations		75	Accrued Revenue																					
		76	Value-Added Services																					
		77																						
		78																						
		79																						
		80																						
	81																							
Aggregation Method	42 CFR§438.8(h)(4)(i); 42 CFR§438.8(k)(xi)	82	Please describe aggregation methodology: AsCH-CCP aggregates all risk groups/populations and GSAs to report on the MLR.																					

Updated 12/13/2019

[1] Annual Adjustments Column: **USE FOR ANNUAL REPORT ONLY** - Adjustments column should 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 entered as a negative number.

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Medical Loss Ratio Report – Acute Care Contract

	GAAP Basis					[1] Annual	Incurred Basis
	Dec-19	Mar-20	Jun-20	Sep-20	CYE 20	Adjustments ¹	Restated CYE20
[2] Total Premium Revenue	\$ 248,402,823.21	\$ 229,016,168.52	\$ 235,406,541.58	\$ 263,393,769.58	\$ 976,219,302.89	\$ (7,544,041.09)	\$ 968,675,261.80
[3] Total Taxes, Licensing & Regulatory Fees	\$ 5,254,251.42	\$ 13,023,208.98	\$ 11,213,898.64	\$ 16,488,063.69	\$ 45,979,422.73	\$ 196,364.22	\$ 46,175,786.95
[4] Total Incurred Claims	\$ 226,579,312.70	\$ 201,514,290.84	\$ 188,775,948.25	\$ 216,834,016.33	\$ 833,703,568.12	\$ 13,179,825.95	\$ 846,883,394.07
[5] Total Non-Claims Costs	\$ 23,620,661.25	\$ 20,747,665.51	\$ 20,819,340.17	\$ 23,905,425.58	\$ 89,093,092.51	\$ (1,429,323.55)	\$ 87,663,768.96
[6] Total Health Care Quality Improvement and Other Expenses	\$ 708,925.02	\$ 998,610.35	\$ 1,213,871.99	\$ 1,350,553.97	\$ 4,271,961.33	\$ -	\$ 4,271,961.33
[7] Program Integrity: Fraud, Waste, and Abuse Prevention Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
[8] MLR Calculated Net Operating Income:	\$ (7,760,327.18)	\$ (7,267,607.16)	\$ 13,383,482.53	\$ 4,815,710.01	\$ 3,171,258.20	\$ (19,490,907.72)	\$ (16,319,649.52)
[9] Enter: 99999 Net Profit (Loss)	\$ (6,615,440.06)	\$ (6,344,161.25)	\$ 14,076,876.70	\$ 5,891,746.27	\$ 7,009,021.66	\$ (19,490,908.57)	\$ (12,481,886.91)
[9] Enter: 40305-01 Investment Income	\$ 1,144,887.13	\$ 923,445.91	\$ 693,394.16	\$ 537,489.25	\$ 3,299,216.45	\$ -	\$ 3,299,216.45
[9] Enter: 40310-01 Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
[10] Community Benefit Expenses	\$ -	\$ -	\$ -	\$ 538,547.04	\$ 538,547.04	\$ -	\$ 538,547.04
[11] Check Figure	\$ (7,760,327.19)	\$ (7,267,607.16)	\$ 13,383,482.54	\$ 4,815,709.98	\$ 3,171,258.17	\$ (19,490,908.57)	\$ (16,319,650.40)
[12] Difference	\$ 0.01	\$ 0.00	\$ (0.01)	\$ 0.03	\$ 0.03	\$ 0.85	\$ 0.88

Notes:

- [1] Annual Adjustments Column: **USE FOR ANNUAL REPORT ONLY** - Adjustments column should 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 entered as a negative number.
- [2] Autopopulates - do not enter anything in these cells. Note: Premium revenue does not include non-operating income such as investment income and other income.
- [3] Autopopulates - do not enter anything in these cells.
- [4] Autopopulates - do not enter anything in these cells.
- [5] Autopopulates - do not enter anything in these cells.
- [6] Autopopulates - do not enter anything in these cells.
- [7] Autopopulates - do not enter anything in these cells.
- [8] Autocalculates - do not enter anything in these cells.
- [9] Enter Net Profit (Loss) subtract Investment Income, subtract Other Income, if any, as presented on Financial Reporting Template (in their natural state).
- [10] Autopopulates - do not enter anything in these cells.
- [11] Autocalculates - do not enter anything in these cells.
- [12] If difference is greater than \$1.00 or less than (\$1.00), reconcile the difference.