



CARE1ST HEALTH PLAN ARIZONA, INC.

Acute Care Contract

Contract Year Ended September 30, 2020

(With Independent Accountants' Report Thereon)

CARE1ST HEALTH PLAN ARIZONA, INC.

Acute Care Contract

Table of Contents

	Pages
Independent Accountants' Report	1
Medical Loss Ratio Report	2-5



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.

KPMG LLP

St. Louis, Missouri
August 12, 2021

CARE1ST HEALTH PLAN ARIZONA, INC.
Medical Loss Ratio Report

Medical Loss Ratio Report
MCO Name:

Contract Year End: 9/30/2020

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).**

MLR Category	Citation	Format of Amount to be Entered	Line #	Detail	Specific Applicability to Line of Business	Financial Statement Account # (if applicable)	GAAP Basis					Annual Adjustments ¹	Annual Adjustments ²	Incurred Basis Restated CYE20	USE FOR ANNUAL REPORT ONLY ^{1,2} - Adjustment columns 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.	
							Member Months	Dec-19	Mar-20	Jun-20	Sep-20					CYE 20
Premium Revenue				Revenue												
				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).
		42 CFR§438.8(f)(2)(iii)	+/-	2	APM 1% Withhold Settlement 42 CFR 438.6(b)(3) and Performance Based Payments (PBP)	ACC/ALTCS (ACOM 306) ALL - PBP	40115-01	\$ 1,687,960	\$ 1,923,338	\$ 1,280,110	\$ 1,497,500	\$ 6,388,908	\$ -	\$ 730,453	\$ 7,119,361	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)(ii)	+	3	Delivery Supplement	ACC/ALTCS	40120-01	\$ 5,029,501	\$ 4,890,997	\$ 4,484,313	\$ 5,357,796	\$ 19,762,607	\$ -	\$ (125,856)	\$ 19,636,751	
		42 CFR§438.8(f)(2)(iv)	+	4	Unpaid Cost Sharing Amounts	ALL		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	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
		42 CFR§438.8(f)(2)(vi)	+/-	6	Risk Adjustment (Footnote Suspended)	ACC	40105-01; Footnote 20 (Suspended)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Include amounts for risk adjustment after adjusted amounts are computed or amounts that can be reasonably estimated and accrued.
			+/-	7	Prospective Tiered or Title XIX/XI Reconciliation Settlement	ACC /ALTCS /RBHA	40125-01, 40130-01, 40135-01	\$ (2,133,042)	\$ 786,707	\$ (9,807,627)	\$ (6,485,723)	\$ (17,639,685)	\$ -	\$ (11,970,375)	\$ (29,610,060)	
			+/-	8	Reserved			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
			+/-	9	Other Reconciliation Settlements	ACC/ ALTCS /RBHA	40145-01	\$ -	\$ 2,798,522	\$ 7,878,233	\$ 4,121,278	\$ 14,798,033	\$ -	\$ (14,798,033)	\$ -	Include APSI settlement (see ACOM 325). Do not include monthly premium component of APSI.
			+/-	10	Share of Cost (SOC) Settlement	ALTCS	40150-01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		+/-	11	HCBS Settlement	ALTCS	40155-01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		+	12	Health Insurance Providers Fee (HIPF) Revenue	ACC/ALTCS/ RBHA	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	\$ 134,222	\$ 17,378	\$ 56,575	\$ -	\$ 208,175	\$ -	\$ -	\$ 208,175	Other income should not include any types of non-operating income such as gain on sale, etc.	
		+	14	Patient Contributions	ALTCS	40315-01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		+	15	Reinsurance	ACC/ALTCS/ RBHA/CMDP	70105-01	\$ 8,940,616	\$ 7,503,199	\$ 6,548,669	\$ 4,060,988	\$ 27,053,472	\$ -	\$ (5,310,583)	\$ 21,742,889	Amount should generally be stated as a positive number.	
		+/-	16	Other Accruals (Explain below)	ALL		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
					Deduct											
		42 CFR§438.8(f)(2)(i)	-	17	Pass - Through Payments Revenue	ACC/ALTCS		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,923,064	\$ 16,923,064	Include Rural (ACC), Nursing Facility (ALTCS) and Targeted Investments (ACC/RBHA) Pass - Through Payments (if impacting income statement)
				Total Premium Revenue		01	\$ 189,860,842	\$ 197,010,486	\$ 197,003,998	\$ 201,780,790	\$ 785,656,116	\$ -	\$ (15,369,602)	\$ 770,286,514		
Taxes, Licensing and Regulatory Fees	Taxes, Licensing and Regulatory Fees															
	42 CFR§438.8(f)(3)(iii)	+	19	Federal Income & Federal Tax (include Tax Benefit)	ACC/ALTCS/ RBHA	90105-01	\$ 25,307	\$ 108,259	\$ 4,574,460	\$ 3,401,824	\$ 8,109,850	\$ -	\$ -	\$ 8,109,850	Exclude Federal income taxes and tax benefit on investment income, capital gains and Federal employment taxes.	
		+	20	Premium Tax	ALL	90205-01	\$ 3,581,961	\$ 3,751,331	\$ 3,624,808	\$ 3,922,942	\$ 14,881,042	\$ -	\$ -	\$ 14,881,042		
		+	21	Health Insurance Providers Fee (HIPF)	ACC/ALTCS /RBHA	90305-01	\$ -	\$ 3,374,627	\$ 3,399,482	\$ 3,395,193	\$ 10,169,302	\$ -	\$ -	\$ 10,169,302		
	42 CFR§438.8(f)(3)	+	22	Other Federal, State, Local Taxes and Licensing and Regulatory Fees	ALL		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	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	\$ 42,500	\$ 27,000	\$ 712,019	\$ 24,754	\$ 806,273	\$ -	\$ -	\$ 806,273	Limited to 3% of earned premium	
				Total Taxes, Licensing and Regulatory Fees			\$ 3,649,768	\$ 7,261,217	\$ 12,310,769	\$ 10,744,713	\$ 33,966,467	\$ -	\$ -	\$ 33,966,467		

CARE1ST HEALTH PLAN ARIZONA, INC.
Medical Loss Ratio Report

Medical Loss Ratio Report
MCO Name:

Contract Year End: 9/30/2020

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).**
USE FOR ANNUAL REPORT ONLY^{1,2} - Adjustment columns should report prior year adjustments and true up any estimates to present on an

						GAAP Basis					Annual Adjustments ¹	Annual Adjustments ²	Incurred Basis Restated CYE20			
						Dec-19	Mar-20	Jun-20	Sep-20	CYE 20						
Expenditures for activities that improve health care quality	42 CFR§438.8(e)(3)			Health Care Quality Improvement and Other Expenses											For ALTCS/EPD and DDD LOBs: Account # 50365-01 - ALTCS Case Management should be reported in lines 59-64 below, as appropriate.	
	45 CFR§158.150(b)(1)	+	59	Improvement of health outcomes	ALL	81705-01	\$ 2,283,866	\$ 1,726,258	\$ 1,703,574	\$ 1,848,084	\$ 7,561,782	\$ -	\$ -	\$ 7,561,782		
	45 CFR§158.150(b)(2)	+	60	Activities to prevent hospital readmission	ALL	81705-01	\$ 372,883	\$ 343,951	\$ 327,665	\$ 398,992	\$ 1,443,491	\$ -	\$ -	\$ 1,443,491		
	45 CFR§158.150(b)(2)(iii)	+	61	Improvement of patient safety and reduce medical errors	ALL	81705-01	\$ 250,802	\$ 150,659	\$ 152,365	\$ 187,391	\$ 741,217	\$ -	\$ -	\$ 741,217		
	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	\$ -	\$ -	\$ 2,720,302		
	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	\$ -	\$ -	\$ 2,758,442		
	42 CFR §438.8(e)(3)(ii) & 42 CFR§438.358(b) and (c).	+	64	Activities related to external quality review	ALL	81705-01	\$ -	\$ 211,465	\$ 266,066	\$ 41,879	\$ 519,410	\$ -	\$ -	\$ 519,410		
			65	Total Health Care Quality Improvement and Other Expenses			\$ 4,309,807	\$ 3,569,374	\$ 3,914,232	\$ 3,951,231	\$ 15,744,644	\$ -	\$ -	\$ 15,744,644		
Expenditures related to activities compliant with 42 CFR §438.608(a)(1) through (5), (7), (8) and (b).	42 CFR§438.8(e)(4) & CFR§158.150(c)(8)	45	+	66	Program Integrity: Fraud, Waste, and Abuse Prevention Expenses	ALL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Improvements to infrastructure that prevents fraud, waste and abuse on a going forward basis.	
Credibility Adjustment	42 CFR§438.8(h)		+	67	Credibility Adjustment (If applicable)	CMDP and small non-LTSS ² MCOs between 5,400 and 380,000 Annual Member Months									If an MCO's annual member months are determined to be partially-creditable, the credibility adjustment factor must be manually entered as calculated using the guidance in the Credibility Adjustment tab.	
MLR Calculations				68	Numerator											
					Incurring Claims		\$ 172,260,060	\$ 167,772,615	\$ 157,422,113	\$ 166,125,108	\$ 663,579,896			\$ 638,677,111		
					Expenditures for activities that improve health care quality		\$ 4,309,807	\$ 3,569,374	\$ 3,914,232	\$ 3,951,231	\$ 15,744,644			\$ 15,744,644		
					Total		\$ 176,569,867	\$ 171,341,989	\$ 161,336,345	\$ 170,076,339	\$ 679,324,540			\$ 654,421,755		
					Denominator											
						Premium Revenue		\$ 189,860,842	\$ 197,010,486	\$ 197,003,998	\$ 201,780,790	\$ 785,656,116			\$ 770,286,514	
						Taxes, licensing and regulatory fees		\$ 3,649,768	\$ 7,261,217	\$ 12,310,769	\$ 10,744,713	\$ 33,966,467			\$ 33,966,467	
					Total		\$ 186,211,074	\$ 189,749,269	\$ 184,693,229	\$ 191,036,077	\$ 751,689,649			\$ 736,320,047		
					Medical Loss Ratio		0.948224309	0.902991563	0.873536869	0.890283876	0.903730071			0.888773514		
					Medical Loss Ratio with Credibility Adjustment		94.8%	90.3%	87.4%	89.0%	90.4%			88.9%		
Methodology(ies) for allocation of expenditures.	42 CFR§438.8(g) 42 CFR§438.8(k)(vii)			76	Please describe methodology(ies) for allocation of expenditures: Administrative expenses are allocated as a percentage of premium (capitated premiums and maternity). These premium lines include both received as well as accrued amounts. Associated premium should trend closely with overall expenses and in turn fall in line with administrative expenses.										Each expense must be included under only one type of expense. If a portion of the expense fits under the definition of, or criteria for, one type of expense and the remainder fits into a different type of expense, the expense must be pro-rated between types of expenses. Expenses that benefit multiple contracts must be reported on a pro-rata basis. Allocation to each category must be based on a generally accepted accounting method that is expected to yield the most accurate results. Shared expenses, including expenses under the terms of a management contract, must be apportioned pro rata to the contract incurring the expense. Expenses that relate solely to the operation of a reporting entity, such as personnel costs associated with the adjusting and paying of claims, must be borne solely by the reporting entity and are not to be apportioned to the other entities.	
Explanations	Accrued Revenue			77												
	Value-Added Services			78												
				79												
				80												
				81												
				82												
Aggregation Method	42 CFR§438.8(h)(4)(i); 42 CFR§438.8(k)(xii)			84	Please describe aggregation methodology: The data in the report includes all risk groups and GSAs under the ACC contract.										AHCCCS requires that the MLR be calculated as one aggregate value representing all risk groups/populations and GSAs. AHCCCS reserves the right to modify this requirement and obtain MLR information on a risk group and/or GSA specific basis.	

CARE1ST HEALTH PLAN ARIZONA, INC.
Medical Loss Ratio Report

	GAAP Basis					[1a]	[1b]	Incurred Basis
	Dec-19	Mar-20	Jun-20	Sep-20	CYE 20	Annual Adjustments	Annual Adjustments	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)	\$ (204,885)	\$ (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.
- [7] 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.