

State of Illinois, Department of Healthcare and Family Services Molina Healthcare Final Medicaid MLR Report 2020					
1. Medical Loss Ratio Numerator^{1,2}		Regulatory Definitions (42 CFR)	EUM Submission	Adjustments	Value
1.1 Incurred Claims		§ 438.8(e)(2)	\$ 961,570,116	\$ 0	\$ 961,570,116
1.2 Activities that improve health care quality		§ 438.8(e)(3)	42,620,960	-	42,620,960
1.3 Fraud Recovery (Gross and Net)		§ 438.8(e)(2)(iii)(B)	-	-	-
1.4 Fraud Prevention Activities		§ 438.8(e)(4)	-	-	-
1.5 MLR numerator		§ 438.8(e)(1)	\$ 1,004,191,076	\$ 0	\$ 1,004,191,076
1.6 Non-Claims costs (not included in numerator)		§ 438.8(e)(2)(v)(A)	\$ 101,061,947	\$ 0	\$ 101,061,947
2. Medical Loss Ratio Denominator^{1,3}		Regulatory Definitions (42 CFR)	EUM Submission	Adjustments	Value
2.1 Premium Revenue		§ 438.8(f)(2)	\$ 1,279,422,258	\$ (144,101,335)	\$ 1,135,320,923
2.2 Federal, State, and local taxes and licensing and regulatory fees		§ 438.8(f)(3)	(167,503,488)	148,505,484	(18,998,004)
2.3 MLR denominator		§ 438.8(f)(1)	\$ 1,111,918,770	\$ 4,404,148	\$ 1,116,322,918
3. MLR Calculation⁴		Regulatory Definitions (42 CFR)			Value
3.1 Member Months		§ 438.8(b)			2,992,330
3.2 Unadjusted MLR					89.96%
3.3 Credibility adjustment		§ 438.8(h)			0.00%
3.4 Adjusted MLR		§ 438.8(h)			89.96%
4. Remittance					Value
4.1 Does the contract include a remittance/payment requirement for being below/above a specified MLR?					Yes
4.2 If yes, what is the state minimum MLR requirement?					85.00%
4.3 Calculated MLR for CMS purposes (please enter as a percentage)					89.96%
4.4 Remittance dollar amount owed for CMS formula in the MLR reporting period					\$ 0

Notes

- 1 • CY 2020 results reflect MLRs reported base data provided by Molina Healthcare as of December 15, 2022.
- 2 • Fraud prevention activities [45 CFR 158.150(c)] are included in "expenditures and activities" that must not be included in quality improving activities; therefore, we have not included it in incurred claims.
- 3 • Revenue Notes:
 - Revenue has been calculated using the capitation file received from HFS on January 13, 2023 which includes capitation payments through December 27, 2022.
 - Calculated earned withhold represents 1.5% of the gross effective capitation since all MCOs earned 100% of the withhold in CY 2020.
 - Premium Revenue and Taxes are reported net of the MCO tax.
- 4 • Rounded to two decimals, per MLR Guarantee Provision.

Incurred Claims		
Tab	Column(s)	Molina
Benefit Expense	Direct Paid + Encounter Rejections + Non Encounterable + Ineligible	\$ 953,851,525
Benefit Expense	Subcapitated Proxy Paid + Encounter Rejections	22,523,104
Other Claims	All Columns	5,108,760
Financials	Non-Subcap Reserves + Subcap Reserves + Pending Settlements	2,127,542
Financials	Recov Gross Rx Rebates	-
Financials	Recov Gross NonRx	-
Financials	Recov Gross Rx	-
Financials	State Reimbursed EMT	(22,040,815)
Subcontractor	Residual Gain/Loss	-
Total Incurred Claims		\$ 961,570,116

Risk Adjusted Revenue Calculation		
File/Tab	Description	Molina
Revenue	Received_Net_Cap_Paymt	\$ 1,192,611,877
Revenue	Received_Withhold_Earned	17,687,852
Revenue	Received_Mat_Risk_Pool	(919,215)
Revenue	Received MCO Taxes	148,505,484
Revenue	Accrued_Net_Cap_Paymt	136,723
Revenue	Accrued_Withhold_Earned	471,850
Revenue	Accrued_Risk_Corridor	(79,072,311)
Revenue	Accrued_Maternity_Risk_Pool	-
Revenue	Accrued MCO Taxes	-
Total Revenue		\$ 1,279,422,258

Adjustments:		
Less Reported Revenue		\$ (1,192,748,600)
Less Reported MCO Taxes		(148,505,484)
Less Reported Withhold Earned		(18,159,702)
Less Reported Risk Corridor Settlement Received/(Paid)		79,072,311
Less Reported Maternity Risk Pool		919,215
Add Capitation Revenue		1,192,803,695
Add Final Maternity Risk Pool Transfer Payment		(919,215)
Add Final Risk Corridor Settlement Transfer Payment		(74,728,081)
Add Withhold Earned on Capitation Payments		18,164,523
Total Adjustment		\$ (144,101,335)

Reported Taxes		Molina
Description		
App B Reported Taxes, Fees, and Assessments		\$ 18,998,004
Schedule of Taxes		148,505,484
Total Reported Taxes		\$ 167,503,488
Adjustments:		
Less MCO Tax		\$ (148,505,484)
Total Adjustment		\$ (148,505,484)

State of Illinois, Department of Healthcare and Family Services 2020 NAIC Annual Statement Reconciliation Reconciliation Summary by MCO	
Revenue	Molina
Data Request Revenue	\$ 1,306,723,286
NAIC Revenue	1,153,576,514
Revenue Reconciliation Items	154,418,407
Reconciled Revenue Variance	\$ (1,271,635)
Reconciled Revenue Percent Variance	(0.1%)
Benefit Expense	Molina
Data Request Benefit Expense	\$ 976,844,186
NAIC Benefit Expense	986,071,365
Benefit Expense Reconciliation Items	(8,528,659)
Reconciled Benefit Expense Variance	\$ (698,520)
Reconciled Benefit Expense Percent Variance	(0.1%)
Non-Benefit Expense	Molina
Data Request Non-Benefit Expense	\$ 308,631,152
NAIC Non-Benefit Expense	147,395,609
Non-Benefit Expense Reconciliation Items	160,613,052
Reconciled Non-Benefit Expense Variance	\$ 622,491
Reconciled Non-Benefit Expense Percent Variance	0.2%
Net Underwriting Gain	Molina
Data Request Net Underwriting Gain	\$ 21,247,948
Reconciled NAIC Net Underwriting Gain	22,443,554
Reconciled Net Underwriting Gain Variance	\$ (1,195,606)
Net Underwriting Gain Percent	
Data Request Net Underwriting Gain %	1.6%
Reconciled NAIC Net Underwriting Gain %	1.7%
Net Underwriting Gain Variance %	(0.1%)

State of Illinois, Department of Healthcare and Family Services CY 2020 Final Medical Loss Ratio Calculation Description of Allocation Methodologies by MCO	
ALLOCATED EXPENDITURE	MOLINA
IBNR	The initial reserve estimates are developed at a population level (NDCA, DA, ACA, and MLTSS) where service categories are grouped into 'inpatient hospital', 'outpatient hospital + professional', and 'PAS (or waiver)' claims, with exception of DA where LTSS claims are calculated separately. The amounts are then allocated to the rate cell / region / service category level using the paid claims weights consistent with Per Member Per Month (PMPM) Cost on Appendix A.
Non Claims Costs	It was developed at the product level and then allocated back to rate cell/region using revenue.
Corporate Expenses to Local Plan	<p>Services and assets provided directly and exclusively to the subsidiaries are directly charged and, in most cases, the costs of such services and assets are paid for by the subsidiaries' cash operating account. When MHI pays for a portion of these services or assets, it recovers the cost through a direct charge to the subsidiary.</p> <p>The cost of services provided by MHI that cannot be specifically attributable to individual subsidiaries costs are allocated by the method that best links those costs to the benefits received by subsidiaries.</p> <p>Management believes that – absent more direct measures – the best basis for the assignment of general costs incurred by MHI for the benefit of all subsidiaries is the relative amount of revenue earned by each subsidiary. Generally, health plan subsidiaries with higher membership generate higher revenue and utilize additional corporate services. Covered risk groups with higher acuity levels also generate higher revenue. As acuity levels increase, utilization of services and the need for corporate support also increases.</p>
Revenue	Expected revenue, which for Molina is net of Pass Thru and CCHHS fees, was used to allocate revenue not developed at rate cell or region level.