

# Medical Loss Ratio (MLR) Audits



## EXPERIENCED MLR EXAMINATION PROFESSIONALS

To comply with the Centers for Medicare & Medicaid Services (CMS) rule associated with Medicaid and the Children's Health Insurance Program managed care services, states with contracts beginning on or after July 1, 2017, must ensure the managed care organization, Prepaid Inpatient Health Plan, and Prepaid Ambulatory Health Plan calculate and report a MLR in accordance with the final rule [§ 438.8]. A periodic audit of the MLR report is required.

Myers and Stauffer has extensive experience performing MLR examinations to assist state Medicaid agencies in complying with the managed care rule and also with program oversight. Unaudited MLRs have a high risk of misclassified, inflated, or inappropriately-reported MLR components. Inaccurate MLR reporting may potentially result in overlooked capitation payment recoupments and inflated actuarial rate development calculations, ultimately impacting capitation payments. A Certified Public Accounting (CPA) firm, such as Myers and Stauffer, is the proper entity to provide an unbiased examination of the MLR in accordance with accounting standards and federal guidelines.



## HOW WE CAN HELP

Myers and Stauffer performs MLR reporting audits as examination engagements providing a level of assurance **only offered by CPA firms**. With more than 43 years of experience, auditing governmental health care financial reports is our core service. This includes a dedicated audit team with detailed knowledge and expertise to assist with all facets of MLR reporting and oversight. Our team's breadth of knowledge will help ensure your organization complies with all required regulatory guidance. Our services include:

- Providing required audit (examination) of costs to document oversight of the health plans by the state and submitting evidence to CMS.
- Assisting with navigating MLR-related federal policy and ensuring compliance with the federal rule.
- Performing impact calculations when the MLR falls below regulatory or contractual thresholds.
- Developing clear reporting templates and instructions to properly capture costs in accordance with regulations.
- Reviewing contract language.
- Working with actuaries to utilize adjustments within setting actuarial sound rates in accordance with the final rule.

Through our examination procedures we ensure reported costs and revenues are properly supported, properly classified, accurately allocated, allowable, reported in the proper period, and in compliance with the Medicaid managed care final rule.

## WHY MYERS AND STAUFFER

Myers and Stauffer only provides professional accounting, auditing, consulting, data management, and analytical services to state, federal, and local health care and social service agencies. Our clients can be confident we will have no conflicts of interest with its health plans or the actuarial rate setting process. We intentionally restrict our practice to providing services only to state, local, and federal agencies. We are exceptionally sensitive to public scrutiny, performance expectations, and the high levels of accountability and integrity that are expected of government agencies and policy makers.

## FOR MORE INFORMATION

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