Final

Report on the

Medical Loss Ratio Examination

of

CHRISTUS Health Plan
(Irving, Texas)

for the

2019 MLR Reporting Year

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information & Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201

OVERSIGHT GROUP

May 24, 2023

In accordance with Title 45 of the Code of Federal Regulations (CFR), section 158.402, the Center for Consumer Information & Insurance Oversight (CCIIO) has completed an examination of the Medical Loss Ratio (MLR) Annual Reporting Form submitted by CHRISTUS Health Plan (the Company) for the 2019 reporting year, including 2019, 2018, and 2017 data reported on that form. Following an exit conference with the Company, the Company responded to each Finding and Corrective Action. This final report, which will be made publicly available, incorporates the Company's response and CCIIO's evaluation of the response.

Christina A. Whitefield

Christina A. Whitefield, Director
Medical Loss Ratio Division
Oversight Group
Center for Consumer Information & Insurance Oversight
Centers for Medicare & Medicaid Services
U.S. Department of Health & Human Services

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I. Executive Summary

The Center for Consumer Information & Insurance Oversight (CCIIO) has performed an examination of the 2019 Medical Loss Ratio (MLR) Annual Reporting Form for CHRISTUS Health Plan (the Company) to assess the Company's compliance with the requirements of 45 CFR Part 158. We determined that the Company's 2019 MLR Annual Reporting Form contains some elements that are not compliant with the requirements of 45 CFR Part 158, and that impact consumer rebates.

We direct the Company to implement the necessary corrective actions to address the findings detailed in this report, including: properly and accurately reporting incurred claims, risk adjustment transfer amounts, and earned premium; properly calculating and accurately reporting taxes and regulatory fees; and disclosing methods used to allocate expenses. Additionally, we direct the Company to implement policies and procedures to ensure completion of the MLR Annual Reporting Form in accordance with MLR Annual Reporting Form Filing Instructions.

The examination findings resulted in net decreases to the Company's reported MLRs in the Texas and New Mexico individual markets, increasing the Company's rebate liability for the 2019 reporting year in the Texas individual market by $2,273,422.

II. Scope of Examination

CCIIO examined the Company's 2019 MLR Annual Reporting Form to determine compliance with 45 CFR Part 158. Title 45 CFR Part 158 implements section 2718 of the Public Health Service Act (PHS Act). Section 2718 of the PHS Act, as added by the Patient Protection and Affordable Care Act (ACA), generally requires health insurance issuers to submit to the Secretary of the U.S. Department of Health & Human Services (HHS) an annual report concerning premium revenue and expenses related to group and individual health insurance coverage issued. The federal MLR is the proportion of earned premium, less certain taxes and regulatory fees, expended by an issuer on clinical services and activities that improve health care quality in a given state and market, after adjustments for the credibility of the experience or other factors, where applicable, and calculated using the average of three consecutive years of data. Section 2718 also requires an issuer to provide rebates to consumers if it does not meet the applicable MLR standard (generally, 80% in the individual and small group markets and 85% in the large group market).

This is the first examination of the Company's MLR Annual Reporting Form performed by CCIIO. The examination covered the reporting period of January 1, 2017 through December 31, 2019, including 2017, 2018, and 2019 experience and claims run-out through March 31, 2020. We conducted the examination in accordance with the CCIIO Medical Loss Ratio Examination Handbook (the Handbook). The Handbook sets forth the guidelines and procedures for planning and performing an examination to evaluate the validity and accuracy of the data elements and calculated amounts reported on the MLR Annual Reporting Form, and the accuracy and timeliness of any rebate payments. The examination included assessing the principles used and significant estimates made by the Company, evaluating the reasonableness of expense allocations, and determining compliance with relevant statutory accounting standards, MLR regulations and guidance, and the MLR Annual Reporting Form Filing Instructions.

The Company's response to each finding appears after the finding in the Conclusion, Corrective Actions, Company Responses, and CCIIO Replies section of this Report. The Company's implementation of the corrective actions was not reviewed for proof of implementation or subjected to the procedures applied during the examination. CCIIO's replies are based solely on a review of the Company's response. CCIIO reserves the right to review the actual implementation of the Company's corrective action and proposed action plan for each corrective action in future MLR Annual Reporting Forms, examinations, or as otherwise may be appropriate.

III. Summary of Findings

Page	Key Findings
7	**Failure to accurately report incurred claims, as required by §158.140** – The Company improperly included in paid claims the amount paid to its pharmacy benefit manager (PBM) that exceeded the reimbursement to pharmacies. As a result, the Company overstated the three-year aggregate incurred claims by a total of $8,957,517 on its 2019 MLR Annual Reporting Form.
7, 8, 9, 10	**Failure to submit an MLR Annual Reporting Form in the manner prescribed by the Secretary, as required by §158.110** – The Company failed to restate its 2017 and 2018 incurred claims on Part 3, Line 1.2, in the prior year (PY2 and PY1) columns on its 2019 MLR Annual Reporting Form. As a result, the Company understated the three-year aggregate incurred claims by $131,292 on its 2019 MLR Annual Reporting Form. The Company failed to report adjusted incurred claims for prior years in the PY2 and PY1 columns on Part 3, Line 1.1, on its 2017, 2018, and 2019 MLR Annual Reporting Forms. This error did not impact the MLR calculation. The Company improperly included in its paid claims the late payment interest paid to providers on its 2017, 2018, and 2019 MLR Annual Reporting Forms. As a result of this error, the Company overstated its three-year aggregate incurred claims on the 2019 MLR Annual Reporting Form by $375,183. The Company improperly reported quality improvement activities (QIA) on Part 3, Line 1.3 in the PY2 column on its 2019 MLR Annual Reporting Form in the amount equal to 0.8 percent of earned premium, when the Company reported $0 of QIA on its 2017 MLR Annual Reporting Form. As a result of this error, the Company overstated its three-year aggregate QIA expenses by $1,033,778 on its 2019 MLR Annual Reporting Form.

	The Company incorrectly reported the ceded premium for an excess of loss contract on Part 2, Line 1.12 on its 2017 and 2019 MLR Annual Reporting Forms. This error did not impact the MLR calculation. The Company reported the incorrect amount of Patient Centered Outcomes Research (PCORI) fees on its 2017 and 2019 MLR Annual Reporting Forms. As a result of this error, the Company understated the three-year aggregate taxes and licensing or regulatory fees by $4,434, on its 2019 MLR Annual Reporting Form. The Company incorrectly excluded the risk adjustment default charges and high-cost risk pool (HCRP) charges from the risk adjustment amounts reported on its 2017, 2018, and 2019 MLR Annual Reporting Forms. As a result of these errors, the Company overstated the three year-aggregate risk adjustment transfer amounts by $687,617 on its 2019 MLR Annual Reporting Form.
8, 9	**Failure to properly report earned premium, as required by §158.130** – The Company improperly reduced earned premium reported on its 2019 MLR Annual Reporting Form for premium ceded to a reinsurer under an excess of loss reinsurance contract. As a result of this error, the Company understated the three-year aggregate earned premium by $836,022 on its 2019 MLR Annual Reporting Form. Further, the Company incorrectly included in the premium written off advance payments of the premium tax credit (APTC) that were actually collected. As a result of this error, the Company understated its 2019 premium earned by $180,083 on its 2019 MLR Annual Reporting Form.
9	**Failure to properly report taxes and regulatory fees, as required by §158.161 and §158.162** – The Company incorrectly reported Exchange user fees on its 2017, 2018, and 2019 MLR Annual Reporting Forms due to several reporting and calculation errors. As a result of the net effect of these errors, the Company understated the three-year aggregate taxes and licensing or regulatory fees by $250,198 on its 2019 MLR Annual Reporting Form. The Company also incorrectly reported state premium taxes on its 2017, 2018, and 2019 MLR Annual Reporting Forms due to various reporting and calculation errors. As a result of these errors, the Company understated the three-year aggregate taxes and licensing or regulatory fees by $940,068 on its 2019 MLR Annual Reporting Form.
10	**Failure to properly report the method of allocation of expenses, as required by §158.170** – The Company failed to report the method used to allocate certain regulatory fees on its 2017, 2018, and 2019 MLR Annual Reporting Forms. This error did not impact the MLR calculation.

These findings resulted in a net decrease to the Company's reported MLRs in the individual markets for New Mexico and Texas. In the Texas individual market, the recalculated MLR fell below the MLR standard of 80%, resulting in a rebate liability of $2,273,422 for the 2019 reporting year. In the New Mexico individual market, the recalculated MLR continued to exceed the 80% MLR standard, and thus did not result in rebates being due.

The three-year adjusted, aggregate numerator and denominator, along with the resulting credibility-adjusted MLRs and rebates for 2019 are shown in the following table. The differences between the amounts in the "As Filed" and "As Recalculated" rows reflect the net impact of the adjustments made to properly restate incurred claims, QIA expenses, earned premium, federal and state taxes and regulatory fees, and risk adjustment transfer amounts.

Recalculated MLRs[1] and Rebates for the Individual Market for the 2019 Reporting Year

New Mexico

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$35,720,181	$40,126,818	92.0%	$0
As Recalculated	$35,090,921	$40,095,042	90.5%	$0
Difference	($629,260)	($31,776)	(1.5%)	$0

Texas

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$301,528,776	$376,910,970	80.6%	$0
As Recalculated	$292,618,596	$376,764,151	78.2%	$2,273,422
Difference	($8,910,180)	($146,819)	(2.4%)	$2,273,422

IV. Company Overview

A. Description, Territory, and Plan of Operation

The Company is a not-for-profit health insurer domiciled in Texas and sells individual market health insurance policies and Medicare Advantage plans in New Mexico and Texas.

During the 2017, 2018, and 2019 MLR reporting years, the Company operated in the individual market that was subject to the MLR reporting requirements of 45 CFR Part 158. As of December 31, 2019, the Company reported a total of 17,830 covered lives and $139,315,734 in direct earned premium for policies subject to the MLR reporting and rebate requirements under 45 CFR Part 158 and a total of 20,484 covered lives and $164,202,439 in direct earned premium from all health lines of business**.** The Company's only other line of business, Medicare Advantage, is not subject to the MLR regulations at 45 CFR Part 158.

[1] The MLRs shown may not equal the quotient of the numerator divided by the denominator due to the inclusion of a credibility adjustment, in accordance with §158.230.

B. Management

The corporate officers and board of directors of the Company as of December 31, 2019 were:

Officers

Name	**Title**
Nancy T. Horstmann	Chief Executive Officer, President and Treasurer
Karen R. Oliver	Secretary
David Engleking	Medical Director

Directors

Name
Todd Galloway
Paul D. Generale
Steven King
Randolph W. Safady
Steven Smith
Michael S. Stansbury

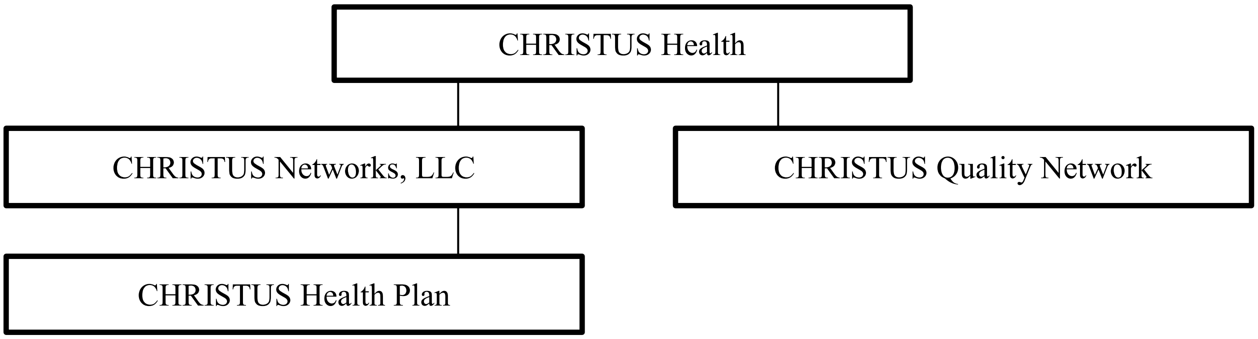
Company management and corporate-level personnel responsible for the preparation, submission and attestation of the 2019 MLR Annual Reporting Form were:

Name	**Title**
Nancy Horstmann	CEO Attester
Steven Anderson	CFO Attester

C. Ownership

The Company is a member of an insurance holding group system.

CHRISTUS Health Plan
Organizational Chart as of December 31, 2019[2]



D. Agreements

As of December 31, 2019, the Company had entered into the following intercompany agreements that are pertinent to a review of its MLR Annual Reporting Form:

1. A Shared Savings Agreement with CHRISTUS Connected Care Network d/b/a CHRISTUS Quality Network.
2. A Hospital Services Agreement on behalf of the Company and its affiliates, with a Shared Savings Amendment with its parent, CHRISTUS Health.

E. Reinsurance

During 2017, 2018, and 2019**,** the Company did not have any reinsurance agreements in effect that impacted the MLR reporting of its health insurance policies subject to the regulations at 45 CFR Part 158.

V. Accounts and Records

The Company's main administrative and financial reporting office is located at 919 Hidden Ridge Drive, Irving, Texas, 75038. The Company provided adequate access to its accounts and records, including computer and other electronic systems, as required by §158.501.

VI. Examination Results

Except as noted in this report, based on the procedures performed, nothing came to our attention that would indicate that the Company's 2017, 2018, and 2019 MLR Annual Reporting Forms were not filed on the form and in the manner prescribed by the Secretary of HHS. The Company's 2017, 2018, and 2019 MLR Annual Reporting Forms were filed by the required due date.

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[2] This is an excerpt from the organization chart provided by the Company and includes only those entities whose relationship to the Company impacted the MLR examination.

During the 2017, 2018, and 2019 MLR reporting years, the Company reported that it met the applicable MLR standard in the New Mexico and Texas individual markets in which it had health insurance coverage subject to 45 CFR Part 158 in effect and thus was not required to pay rebates to its enrollees. Based on the errors found during the examination, MLRs for the 2019 reporting year were recalculated and resulted in a rebate liability of $2,273,422 in the Texas individual market.

A. MLR Data

Market Classification
The Company adopted policies and procedures for determining group size and market classification that are consistent with the definitions in §158.103 applicable to the 2017-2019 reporting years. The samples of policies tested during the examination were assigned to the correct market classification.

Aggregation
Based upon the procedures performed, nothing came to our attention that would indicate that the samples of policies, claims, and other items tested during the examination were not correctly assigned to the appropriate states, markets, and lines of business in accordance with §158.120.

Incurred Claims
Improper Reporting of Prescription Drug Costs
The Company improperly included in paid claims on the 2017, 2018, and 2019 MLR Annual Reporting Forms, the amount paid to its PBM for pharmacy claims transactions that exceeded the total amount the PBM paid the pharmacy providers for prescriptions filled for the Company's enrollees. According to §158.140(b)(3)(ii), if a third-party vendor reimburses the provider at one amount but bills the issuer a higher amount to cover its network development, utilization management costs, and profits, then the amount that exceeds the reimbursement to the provider must not be included in incurred claims. As a result, the Company overstated its three-year aggregate incurred claims by a total of on its 2019 MLR Annual Reporting Form by a total of $8,957,517.

Incorrect Reporting of Prior Year Incurred Claims
The Company failed to restate its 2017 and 2018 incurred claims on Part 3, Line 1.2 in the PY2 and PY1 columns on its 2019 MLR Annual Reporting Form. The Company failed to adjust for the development of 2017 and 2018 incurred claims that occurred between 2017 and March 31, 2020. According to the MLR Annual Reporting Form Filing Instructions, the amount reported on Part 3, Line 1.2 in the PY2 and PY1 columns must include incurred claims restated as of 3/31 of the year following the MLR reporting year. As a result, the Company understated its three-year aggregate incurred claims by a total of $131,292 on its 2019 MLR Annual Reporting Form.

In addition, the Company incorrectly reported incurred claims for prior years on Part 3, Line 1.1 in the PY2 and PY1 columns of its 2017, 2018, and 2019 MLR Annual Reporting Forms. According to the MLR Annual Reporting Form Filing Instructions, the amounts reported on Part 3, Line 1.1 in the PY2 and PY1 columns must equal the amounts originally reported on the prior year MLR Forms. This error did not impact the MLR calculation as Part 3, Line 1.1 is for informational purposes only and is not included in the MLR calculation.

Improper Inclusion of Late Payment Interest in Incurred Claims
The Company improperly included in its paid claims on Part 2, Line 2.1b the amount paid to providers representing late claims payment interest, on its 2017, 2018, and 2019 MLR Annual Reporting Forms. According to the 2019 MLR Annual Reporting Form Filing Instructions, late claims payment interest must be excluded from paid claims reported on Part 2, Line 2.1b. As a result of this error, the Company overstated its three-year aggregate incurred claims on its 2019 MLR Annual Reporting Form by $375,183.

Based upon the procedures performed, including the validation of a sample of incurred claims (as defined by §158.140) reported by the Company, other than the reporting errors noted above, nothing additional came to our attention that would indicate that incurred claims were not accurately reported.

Claims Recovered Through Fraud Reduction Efforts
The Company did not report any recoveries of paid fraudulent claims, which §158.140(b)(2)(iv) allows as an adjustment to incurred claims up to the amount of fraud reduction expenses.

Quality Improvement Activities (QIA)

Improper Reporting of QIA
The Company improperly reported QIA on Part 3, Line 1.3 in the PY2 column on its 2019 MLR Annual Reporting Form in the amount equal to 0.8 percent of earned premium. In accordance with §158.221,[3] effective with the 2018 MLR reporting year, the Company reported QIA expenses equal to 0.8 percent of earned premium in lieu of reporting the actual QIA expenses as defined in §158.150 and §158.151. The Company did not report any QIA expenses on its 2017 MLR Annual Reporting Form. According to the 2019 MLR Annual Reporting Form Filing Instructions, the amounts reported on Part 3, Line 1.3 in the PY2 and PY1 columns must be based on the QIA reporting method that was utilized on the 2017 and 2018 MLR Forms respectively, and must not be restated if the issuer chooses a different QIA reporting method in the CY column. Consequently, the Company should have reported $0 on Part 3, Line 1.3 in the PY2 column. As a result of this error, the Company overstated its three-year aggregate QIA expenses by $1,033,778 on its 2019 MLR Annual Reporting Form.

In addition, as detailed below, the examination adjustments to the Company's 2019 earned premium resulted in a net increase to adjusted earned premium. Because the Company used the 0.8 percent of earned premium QIA reporting option for 2019, these adjustments resulted in an increase to the Company's 2019 QIA of $8,129.

[3] The HHS Notice of Benefit and Payment Parameters for 2019 Final Rule (83 FR 16930) amended §158.221 by adding paragraph (b)(8) to provide issuers with an option to report an amount equal to 0.8 percent of earned premium in the relevant state and market, in lieu of reporting actual QIA expenses, starting with the 2017 MLR reporting year. That provision was removed for 2020 and later MLR reporting years in the HHS Notice of Benefit and Payment Parameters for 2022 Final Rule (86 FR 24140) consistent with the United States District Court for the District of Maryland decision in *City of Columbus, et al. v. Cochran*, 523 F. Supp. 3d 731 (D. Md. 2021) vacating the 0.8 percent QIA reporting option in 158.221(b)(8).

Based upon the procedures performed, other than the improper reporting of QIA in the PY2 column noted above, nothing additional came to our attention that would indicate that QIA expenses were not accurately reported and reasonably allocated among the Company's states and markets, as required by §158.170.

Earned Premium

Improper Reporting of Earned Premium
The Company improperly reduced earned premium reported on Part 3, Line 2.1 on its 2019 MLR Annual Reporting Form for premium ceded to a reinsurer under an excess of loss reinsurance contract. According to §158.130(a)(1) and the MLR Annual Reporting Form Filing Instructions, earned premium should be reported on a direct basis, unless the agreement is either a 100% assumption reinsurance agreement (with a novation), or a 100% indemnity reinsurance and administrative agreement entered into and effective prior to March 23, 2010. As a result of this error, the Company understated the three-year aggregate earned premium on its 2019 MLR Annual Reporting Form by $836,022.

In addition, the Company incorrectly reported the ceded premium for the excess of loss contract on Part 2, Line 2.12 on its 2017 and 2019 MLR Annual Reporting Forms. According to the MLR Annual Reporting Form Filing Instructions, only premium ceded according to a 100% assumption reinsurance agreement (with novation), or a 100% indemnity reinsurance and administrative agreement, should be reported on Part 2, Line 2.12. This error did not impact the MLR calculation as Part 2, Line 1.12 is for informational purposes only.

Incorrect Reporting of Premium Written Off
The Company incorrectly included in the 2019 premium written off on its 2019 MLR Annual Reporting Form amounts collected during 2019 for APTC for 2018 policies. According to the Company, the recording error was associated with clean-up activities performed by a third-party administrator on the 2018 policies. As a result of this error, the Company understated its 2019 premium earned by $180,083 on its 2019 MLR Annual Reporting Form.

Based upon the procedures performed, other than the reporting errors noted above, nothing additional came to our attention that would indicate that earned premium was not properly reported on a direct basis or that the data elements underlying the 2017, 2018, and 2019 premium as reported on the Company's 2019 MLR Annual Reporting Form were not compliant with §158.130.

Taxes and Regulatory Fees

Incorrect Reporting of PCORI Fees
The Company incorrectly reported the amount of PCORI fees on Part 1, Line 3.1b on its 2017 and 2019 MLR Annual Reporting Forms. The Company reported the PCORI fees paid during 2017 and 2019 that were attributed to the policies in effect during 2016 and 2018, respectively. According to the MLR Annual Reporting Form Filing Instructions, Part 1, Line 3.1b should include the PCORI fees attributed to applicable policies in effect during the applicable MLR

reporting year. As a result, the Company understated the three-year aggregate taxes and licensing or regulatory fees on its 2019 MLR Annual Reporting Form by $4,434.

Incorrect Reporting of Exchange User Fees
The Company incorrectly reported Exchange user fees on Part 1, Line 3.3b on its 2017, 2018, and 2019 MLR Annual Reporting Forms due to several reporting errors. The Company underreported its 2017 and 2018 fees and overreported the 2019 fees in Texas. In addition, the Company failed to report the fees in New Mexico. As a result, the Company understated its three-year aggregate taxes and licensing or regulatory fees by a total of $250,198 on its 2019 MLR Annual Reporting Form.

Incorrect Reporting of State Premium Taxes
The Company incorrectly reported state premium taxes on Part 1, Line 3.2b on its 2017, 2018, and 2019 MLR Annual Reporting Forms due to various reporting and calculation errors. As a result, the Company understated its three-year aggregate taxes and licensing or regulatory fees on its 2019 MLR Annual Reporting Form by $940,068.

Failure to Disclose Allocation Methodologies
The Company failed to report the method used to allocate its PCORI fee and the ACA 9010 fee to each state on its 2017, 2018, and 2019 MLR Annual Reporting Forms, as required by §158.170(b). Based on a review of the documentation provided, the Company used the number of covered lives to allocate its PCORI fee and earned premium to allocate its section 9010 fee, which the examiners deemed to be in compliance with §158.170. This error did not impact the MLR calculation.

Based upon the procedures performed, other than the reporting errors noted above, nothing additional came to our attention that would indicate that the taxes and regulatory fees excluded from 2017, 2018, and 2019 earned premium on the Company's 2019 MLR Annual Reporting Form did not comply with §§158.161 and 158.162, or were not accurately reported and reasonably allocated among the Company's states and markets, as required by §158.170.

Federal Risk Adjustment Program

Incorrect Reporting of Risk Adjustment Transfer Amounts
The Company incorrectly excluded from the risk adjustment transfer amounts reported on Part 2, Line 1.10 on its 2017, 2018, and 2019 MLR Annual Reporting Forms, the amounts related to the risk adjustment default charges and the HCRP charges. According to the 2019 MLR Annual Reporting Form Filing Instructions, federal risk adjustment program net receipts or charges should include the risk adjustment default charges and any amounts related to the high-cost risk pools. As a result, the Company overstated the three year-aggregate risk adjustment transfer amounts on its 2019 MLR Annual Reporting Form by $687,617.

Based upon the procedures performed, other than the error noted above, nothing additional came to our attention that would indicate that the Company did not properly report the expected charges and payments under the federal risk adjustment program for the 2019 benefit year, in compliance with §158.140(b)(4)(ii).

B. Credibility-Adjusted MLR and Rebate Amount Calculation

Based upon the procedures performed, the Company correctly applied the credibility adjustment when the Company calculated and reported its MLRs in accordance with §§158.230-158.232. The Company's credibility-adjusted MLRs were calculated using the correct formula in accordance with 45 CFR Part 158 and the applicable MLR Annual Reporting Form Filing Instructions.

Based on the Company's reported final MLRs, which exceeded the applicable standards in all states for 2017, 2018, and 2019, the Company used the correct procedures to determine that no rebates were due in those states for those years. As detailed in this report, the examination identified errors in the data underlying the Company's MLR and rebate calculations, resulting in changes to the Company's MLRs and rebate amounts.

C. Rebate Disbursement and Notice

According to its 2017, 2018, and 2019 MLR Annual Reporting Forms and its reported MLRs, the Company did not owe rebates in any state in any of these years and therefore was not required to, and did not issue any Notices for those years in accordance with §158.250.

D. Compliance with Previous Recommendations

The Company indicated that neither CCIIO nor any state regulatory entity has previously performed an examination of the Company's MLR processes and reporting. The Texas Department of Insurance performed a financial examination of the Company in 2016 covering the period January 1, 2009 through December 31, 2014. There were no findings as a result of the financial examination that had an impact the Company's federal MLR calculation or reporting.

VII. Subsequent Events

The Company is required to inform CCIIO of any subsequent events that may affect the currently attested 2019 MLR Annual Reporting Form. No post-December 31, 2019 significant events were brought to CCIIO's attention that impacted MLR filing for the 2019 reporting year.

VIII. Conclusion, Corrective Actions, Company Responses, and CCIIO Replies

CCIIO examined CHRISTUS Health Plan's 2019 MLR Annual Reporting Form to assess the Company's compliance with the requirements of 45 CFR Part 158. The examination involved determining the validity and accuracy of the data elements and calculated amounts reported on the 2019 MLR Annual Reporting Form, and the accuracy and timeliness of any rebate payments. As detailed above, the Company's 2019 MLR Annual Reporting Form contained some elements that were not compliant with the requirements of 45 CFR Part 158. Based on the adjustments made as a result of the examination findings, the Company owes additional rebates of $2,273,422 in the Texas individual market.

As a result of the findings in this examination, CCIIO directs the Company to implement the following corrective actions:

Corrective Action #1

The Company must adopt and implement procedures to ensure that it reports incurred claims in accordance with §158.110 and §158.140 and the MLR Annual Reporting Form Filing Instructions, including properly excluding prescription drug costs in excess of amounts paid to pharmacies for its enrollees. In addition, the Company must ensure that it properly restates prior year incurred claims; properly reports prior year adjusted incurred claims; and properly excludes late claim payment interest.

Company Response

CHRISTUS Health Plan agrees to implement Corrective Action #1, without disputing or agreeing with the underlying audit findings.

CCIIO Reply

CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #2

The Company must adopt and implement procedures to ensure that it correctly reports earned premium in an accurate manner in accordance with §158.130, including ensuring that premiums are reported on a direct basis, accurately reporting premium balances written off, and properly reporting ceded reinsurance.

Company Response

CHRISTUS Health Plan agrees to implement Corrective Action #2, without disputing or agreeing with the underlying audit findings.

CCIIO Reply

CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #3

The Company must adopt and implement procedures to ensure that it properly and accurately reports risk adjustment transfer amounts, including risk adjustment default charges and HCRP charges, on its MLR Annual Reporting Form in accordance with §158.140 and the MLR Annual Reporting Form Filing Instructions.

Company Response

CHRISTUS Health Plan agrees to implement Corrective Action #3, without disputing or agreeing with the underlying audit findings.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #4
The Company must adopt and implement procedures to ensure that amounts reported as federal and state taxes and regulatory fees are calculated accurately and meet the requirements of §158.162 and the MLR Annual Reporting Form Filing Instructions, including properly reporting the PCORI and Exchange user fees, and ensuring state premium taxes are accurately calculated and reported.

Company Response
CHRISTUS Health Plan agrees to implement Corrective Action #4, without disputing or agreeing with the underlying audit findings.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #5
The Company must adopt and implement procedures to ensure accurate reporting of methods used to allocate expenses, including PCORI and ACA section 9010 fees, to each state and line of business, in accordance with §158.170.

Company Response
CHRISTUS Health Plan agrees to implement Corrective Action #5, without disputing or agreeing with the underlying audit findings.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #6
The Company must re-file its 2019 MLR Annual Reporting Form to rectify the errors and findings stated herein, adjusting both the current year (CY) and prior year (PY) columns as applicable, including calculating any additional rebates due to its enrollees. Any underpaid rebates calculated by the Company as a result of the findings herein must be paid as soon as possible but in no event later than sixty (60) days from the date of the Company's receipt of the Final MLR Examination Report.

Company Response
CHRISTUS Health Plan agrees to implement Corrective Action #6, including the payment of rebates of $2,273,422 in the Texas individual market, without disputing or agreeing with the underlying audit findings.

CCIIO Reply

CCIIO accepts the Company’s response and the corrective action plan.

The corrective actions provided in this report should be shared with and adopted by, as applicable, any affiliated entities of the Company, such as its parent or subsidiaries, if any, that are similarly subject to the MLR reporting and rebate requirements of 45 CFR Part 158.

CCIIO thanks the Company and its staff for its cooperation with this examination.