Final

Report on the

Medical Loss Ratio Examination

of

Health Alliance Medical Plans, Inc.
(Urbana, Illinois)

for the

2013 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

October 23, 2020

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 Health Alliance Medical Plans, Inc. (the Company) for the 2013 reporting year, including 2013, 2012, and 2011 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

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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 2013 Medical Loss Ratio (MLR) Annual Reporting Form for Health Alliance Medical Plans, Inc. (the Company) to assess the Company's compliance with the requirements of 45 CFR Part 158. We determined that the Company's 2013 MLR Annual Reporting Form contains some elements that are not fully compliant with the requirements of 45 CFR Part 158. We direct the Company to implement the necessary corrective actions to address the findings detailed in this report to comply with the requirements of 45 CFR Part 158, including obtaining adequate information to accurately determine group size and market classification of policies, correctly determining the market classification of policies, properly reporting short-term, limited duration insurance policies, properly excluding federal taxes on capital gains/losses from the MLR calculation, and ensuring that federal and state income taxes are appropriately allocated.

Due to the lack of adequate documentation supporting group size and market classification determinations, we cannot, at this time, conclusively assess the impact of the examination findings on the Company's MLRs or rebate liability in any of the markets in the one state in which it operates. To the extent that the findings could be quantified, the recalculation of the Company's MLRs resulted in a net decrease of 8.6 percentage points in the individual market, no change in the small group market, and a net increase of 0.6 percentage points in the large group market. As the recalculated MLRs continue to exceed the applicable MLR standards, the quantifiable findings did not result in additional rebates owed in any of the markets in which the Company had health insurance coverage subject to 45 CFR Part 158 in effect.

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 responses. CCIIO reserves the right to review the actual implementation of the Company's corrective action and proposed action plan for each finding in future MLR Annual Reporting Forms, examinations or as otherwise may be appropriate.

II. Scope of Examination

CCIIO examined the Company's 2013 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 (PPACA), 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 a company to provide rebates to consumers if it does not meet the

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, 2011 through December 31, 2013, including 2011, 2012, and 2013 experience and claims run-out through March 31, 2014. 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.

III. Summary of Findings

Page	Key Findings
7	**Failure to employ standards consistent with the definitions in §158.103 to correctly determine the size of group policyholders –** The Company did not correctly obtain the average number of employees from each group policyholder at the time of initial application or policy renewal and therefore could not correctly determine each group's size and market classification.
7	**Failure to assign the correct market classification in accordance with the definitions in §158.103 –** In the sample tested, the Company incorrectly classified three policies issued to small employers as large group policies. As a result, the Company understated its three-year aggregate incurred claims by $1,231,888 and its three-year aggregate earned premium by $1,293,529, in the small group market, and overstated its incurred claims and earned premiums by the same amounts in the large group market.
7	**Failure to properly aggregate experience in accordance with §158.120 and the MLR Annual Reporting Form Filing Instructions –** The Company incorrectly included short-term, limited duration insurance policies with its individual market policies subject to 45 CFR Part 158. As a result, the Company overstated its three-year aggregate incurred claims by $1,362,424, and its three-year aggregate earned premiums by $1,751,088, in the individual market.
7, 8	**Failure to maintain adequate documentation, as required by §158.502 –** The Company did not maintain the documents and other records necessary to enable CCIIO to verify that it correctly determined each group policyholder's size and market classification. In addition, the Company did not maintain adequate documentation to enable CCIIO to verify the accuracy of its premium amounts reported on the 2013 MLR Annual Reporting Form.
9	**Failure to report taxes in accordance with the definitions in §158.162 –** The Company improperly included the federal income tax impact of realized

Page	Key Findings
	capital losses from the liquidation of a subsidiary in the Company's taxes and regulatory fees subtracted from earned premium on its 2013 MLR Annual Reporting Form. As a result, the Company understated its 2013 taxes and overstated the MLR denominator by $236,884 in the individual market, $272,439 in the small group market, and $1,717,051 in the large group market.
9	**Failure to properly allocate taxes and regulatory fees, as required by §158.170 –** The Company allocated federal and state income taxes between its markets using a method that did not yield the most accurate results, as required by §158.170. The Company allocated income taxes based on member months rather than pre-tax underwriting gain/(loss). As a result, the Company overstated its three-year aggregate income taxes by $15,406,501 in the individual market and $63,649 in the small group market, and understated its income taxes by $13,902,802 in the large group market.
10	**Failure to comply with the MLR notification requirements set forth in §158.251 –** The Company did not prominently display the 2011 Notice (of no rebate) on the front of the plan document or provide it as a separate notice, as required by §158.251.

Due to the lack of adequate documentation supporting group size and market classification, we cannot, at this time, conclusively assess whether there were additional errors that would impact the Company's MLRs or rebate liability. Based on the adjustments that could be quantified, the examination findings resulted in a net decrease of the Company's MLR of 8.6 percentage points in the individual market, no change in the small group market, and a net increase of 0.6 percentage points in the large group market.

The three-year adjusted, aggregated numerator and denominator, credibility-adjusted MLR, and rebate for 2013 are shown in the following tables. The differences between the amounts in the "As Filed" and "As Recalculated" rows reflect the net impact of the adjustments made to reallocate the experience of certain misclassified policies, remove the experience of short-term, limited duration insurance policies, remove the tax impact of the capital loss, and reallocate income taxes.

Recalculated Aggregate MLRs[1] and Rebates for the Individual, Small Group, and Large Group Markets for the 2013 Reporting Year

Illinois

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$158,034,230	$159,166,611	100.3%	$0
As Recalculated	$156,671,806	$172,822,024	91.7%	$0
Difference	($1,362,424)	$13,655,413	(8.6%)	$0

[1] The MLR 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.

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$284,190,163	$305,673,419	93.1%	$0
As Recalculated	$285,422,051	$307,030,597	93.1%	$0
Difference	$1,231,888	$1,357,178	0.0%	$0

	Large Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$2,087,911,579	$2,273,863,367	91.8%	$0
As Recalculated	$2,086,679,691	$2,258,667,036	92.4%	$0
Difference	($1,231,888)	($15,196,331)	0.6%	$0

IV. Company Overview

A. Description, Territory, and Plan of Operation

The Company is a for-profit, life, accident, and health insurance company domiciled in the state of Illinois that primarily sells health insurance policies in the individual and group markets, and provides third-party administrator services to Illinois-based employer groups.

During the 2011, 2012, and 2013 MLR reporting years, the Company operated in the individual, small group, and large group markets that were subject to the MLR reporting requirements of 45 CFR Part 158. As of December 31, 2013, the Company reported a total of 185,819 covered lives and $956,804,659 in direct earned premium from policies subject to the MLR reporting and rebate requirements under 45 CFR Part 158 and a total of 277,288 covered lives and $1,120,313,334 in direct earned premium from all health lines of business. The Company's lines of business not subject to the MLR regulations at 45 CFR Part 158 include short-term limited duration insurance, Medicare Advantage, Medicare Supplement, managed Medicaid, and stop loss insurance for self-funded health plans.

B. Management

The corporate officers and board of directors of the Company as of December 31, 2013 were:

Officers

Name	Title
Jeffrey C. Ingrum	President
Gordon W. Salm	Chief Financial Officer
Richard Bond	Chief Marketing & Sales Officer
Rick Born	Chief Operating Officer
Kim Griffith	VP Operations & IT
Jane A. Hayes	Sr. VP Corp Communications
Lori S. Cowdrey Benso	Sr. VP Corp Affairs & General Counsel

Name	Title
Robert Parker	Chief Medical Office
Jana Perry	VP Medicare & Individual Services

Directors

Name
Robert B. Wellman
James DeBoer
Lynn Zehnder
J. Michael Martin
James Peltason
James Leonard
Christian Wagner
Nancy Fay

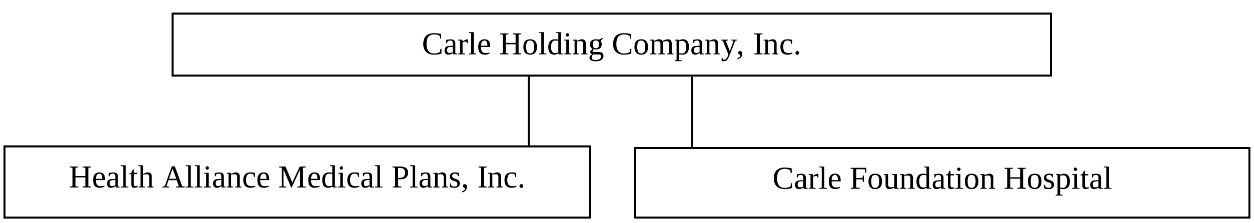
Company management and corporate-level personnel responsible for the preparation, submission, and attestation of the 2013 MLR Annual Reporting Form were:

Name	Title
Jeffrey C. Ingrum	CEO Attester
Gordon W. Salm	CFO Attester

C. Ownership

The Company is a member of an insurance holding group.

Health Alliance Medical Plans, Inc. Organizational Chart[2]
As of December 31, 2013



D. Agreements

As of December 31, 2013, the Company had entered into the following intercompany agreements that are pertinent to a review of its MLR Annual Reporting Form:

1. A Shared Services Agreement with Carle Foundation Hospital (CFH), a tertiary care hospital, and other affiliates.

[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.

2. A Shared Employee Agreement with CFH.
3. A Tax Allocation Agreement with Carle Holding Company, Inc. and other affiliates.
4. A Provider Network Agreement with CFH.

E. Reinsurance

During 2011, 2012, and 2013, the Company had excess reinsurance agreements in place with several non-affiliated entities for hospital and medical services. The Company did not assume any reinsurance.

V. Accounts and Records

The Company's main administrative and financial reporting office is located at 301 S. Vine, Urbana, Illinois 61801. The Company provided adequate access to its accounts and records, including computer and other electronic systems, as required by §158.501.

As noted herein, the Company was not in compliance with §158.502 with regard to maintaining adequate documentation and other evidence necessary to enable CCIIO to verify that the MLRs and rebates owed were calculated in accordance with 45 CFR Part 158. Specifically, the Company did not obtain accurate information or maintain documentation regarding the employee count of group policyholders, which is necessary to determine group size and market classification. In addition, the Company was unable to provide adequate documentation supporting certain premium amounts reported on its 2013 MLR Annual Reporting Form.

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 2011, 2012, and 2013 MLR Annual Reporting Forms were not filed on the form and in the manner prescribed by the Secretary. The Company's 2011, 2012, and 2013 MLR Annual Reporting Forms were filed by the due date.

During 2011, 2012, and 2013, the Company reported that it met the MLR standard in all markets in the one state in which it had business subject to the reporting and rebate requirements of 45 CFR Part 158, and therefore did not pay rebates to its enrollees.

Based on the errors found during the examination that could be quantified, the MLRs for the 2013 MLR reporting year were recalculated but remained above the applicable MLR standards and therefore did not result in additional rebates being owed. However, due to the Company's lack of adequate documentation to support its group size and market classification determinations, we cannot at this time conclusively assess whether there were additional errors that could impact the Company's MLRs or rebate liability.

A. MLR Data

Market Classification

Incorrect Procedures for Determining Group Size and Market Classification

The Company adopted policies and procedures for determining group size and market classification that are inconsistent with the definitions in §158.103 applicable to the 2011-2013 reporting years. Section 158.103 employs the applicable definitions of Large Employer, Large Group Market, Small Employer, and Small Group Market in section 2791(e) of the PHS Act. Section 2791(e) of the PHS Act requires that small and large group market classifications be based on the *average number of employees on the business days of the calendar year preceding the coverage effective date*. The Company did not obtain the necessary information from group policyholders to determine employer size in accordance with these definitions, and therefore may have incorrectly determined the market classification for group policies in the period covered by this examination.

The documentation available to the examiners consisted of a report from the Company's policy administration system that included fields for enrollment and number of employees that was determined or verified by the Company at the time of the most recent renewal. The Company indicated that the primary sources for the number of employees were the employee count as of the policy renewal date entered by the group policyholder on the policy application, the group policyholder's quarterly wage and tax forms, and in some cases census documents or, if the Company deemed necessary, other supplemental information requested by the Company from the employer group. The documentation used for determining the number of employees was not maintained by the Company and thus, none of this information was made available to the examiners. Therefore, the examiners could not confirm whether the Company correctly determined group size, and consequently the market classification, of its group policies.

The precise impact of the failure to accurately determine group size and market classification cannot be conclusively determined due to the Company's lack of adequate documentation necessary to support its determinations.

Incorrect Reporting of Market Classification

In addition to not employing procedures to correctly determine the average number of employees of its group policyholders, the Company did not consistently assign policies to the correct market classification based on the (possibly incorrect) group size information that was available to the Company. Based on testing of the market classification of the Company's policies, three policies in the sample of 65 large group market policies were incorrectly classified by the Company as large group market policies, when, based on the information available and the Company's (possibly incorrect) group size determinations, the policies should have been reported in the small group market for the 2011-2013 reporting years, as each of these groups had 50 or fewer employees. Consequently, for the 2011-2013 reporting years, $1,231,888 in incurred claims and $1,293,529 in earned premiums were reallocated from the large group to the small group market.

Aggregation

Based on substantive testing, two policies in the sample of 65 individual market policies were incorrectly classified by the Company as individual policies when they were in fact short-term, limited duration insurance policies (policies with terms of less than 12 months). According to the

MLR Annual Reporting Form Filing Instructions, short-term, limited duration insurance must be reported as Other Health on the MLR Annual Reporting Form, as it is excluded from the definition of individual health insurance coverage under section 2791(b)(5) of the PHS Act and consequently is not subject to the MLR requirements of 45 CFR Part 158. Based on the errors noted during testing, the Company conducted additional analysis and provided a more detailed listing of the short-term, limited duration insurance policies that were improperly reported in the individual market. Consequently, for the 2011-2013 reporting years, $1,362,424 in incurred claims and $1,751,088 in earned premiums were reallocated from the individual market to the “Other Health” column of the MLR Form.

Other than the possibly incorrect group size and market classification determinations and the incorrect reporting of short-term, limited duration insurance policies noted above, based on procedures performed, nothing additional 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 markets and lines of business, in accordance with §158.120.

Incurred Claims

Other than the possibly incorrect group size and market classification determinations and the incorrect reporting of short-term, limited duration insurance policies noted above, based upon the procedures performed, including the validation of a sample of incurred claims (as defined by §158.140) reported by the Company, 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 fraudulent claims payments, which §158.140(b)(iv) allows as an adjustment to incurred claims up to the amount of fraud reduction expenses.

Quality Improvement Activities

Other than the possibly incorrect group size and market classification determinations and the incorrect reporting of short-term, limited duration insurance policies noted above, based upon the procedures performed, nothing additional came to our attention that would indicate that other QIA expenses were not accurately reported and reasonably allocated among the Company’s markets, as required by §158.170.

Earned Premium

Based upon substantive testing of the earned premium, the Company did not maintain supporting documentation evidencing cash receipts of premium amounts. Section 158.502 requires an issuer to maintain all documents and other evidence necessary to enable CCIIO to verify compliance with the definitions and criteria set forth in 45 CFR Part 158 and that the MLR and any rebates owed are calculated and provided in accordance with the federal MLR regulations.

The Company could not provide sufficient support for cash receipts for 48 policies from the sample of 130 tested in the small group and large group markets. The Company was able to provide other supporting documentation for all sample selections, such as a copy of the billing invoice or screen prints from its policy administration system showing recorded payments. However, according to the Company, it did not maintain any source documentation, such as copies of cancelled checks, bank transfers or credit card payments that would provide evidence for the receipt of the premium amounts.

Other than the lack of adequate documentation noted above, as well as the possibly incorrect group size and market classification determinations and the incorrect reporting of short-term, limited duration insurance policies noted earlier, based upon the procedures performed, 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 2011, 2012, and 2013 premium as reported on the Company's 2013 MLR Annual Reporting Form were not compliant with §158.130.

Taxes

Improper Inclusion of Federal Taxes on Investment Income and Capital Gains

Based upon substantive testing, the Company improperly included in the taxes deductible from premium in the MLR calculation a tax benefit of ($2,445,346) from a realized capital loss generated by the 2013 liquidation of a subsidiary. The capital loss decreased the Company's taxable income, which caused a decrease in the Company's tax liability. According to §158.162(a)(2), federal taxes on investment income and capital gains must not be excluded from premium when calculating the MLR. As a result of this error, the Company understated its 2013 taxes and regulatory fees and overstated the MLR denominator by $236,884 in the individual market, $272,439 in the small group market, and $1,717,051 in the large group market.

Improper Allocation of Income Taxes

The Company allocated federal and state income taxes between markets based upon member months. The membership was deemed to not be a reasonable basis for a federal and state income tax allocation methodology, as the membership of each market does not reflect the effective tax rate or tax expenses associated with or incurred by the Company for the operations in each market and therefore would not yield the most accurate results. After adjustment to remove the impact of federal taxes on investment income and capital gains discussed above, federal and state income taxes were re-allocated for each year under examination to produce more accurate results by utilizing a derivative of underwriting gain/loss from MLR operations for each market (including the effect of other examination adjustments). As a result, it was estimated that on its 2013 MLR Annual Reporting Form, the Company had over-allocated its three-year aggregate taxes in the amount of $15,406,501 in the individual market and $63,649 in the small group market, and under-allocated its three-year aggregate taxes in the amount of $13,902,802 to the large group market.

Other than the errors noted above, as well as the possibly incorrect group size and market classification determinations and the incorrect reporting of short-term, limited duration insurance policies noted earlier, based upon the procedures performed, nothing additional came to our attention that would indicate that the taxes and regulatory fees excluded from 2011, 2012, and 2013 earned premium on the Company's 2013 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 markets, as required by §158.170 and in accordance with its federal tax allocation agreement.

B. Credibility-Adjusted MLR and Rebate Amount Calculation

Based upon procedures performed, the Company used the correct formula to calculate the credibility adjustment, in accordance with §§158.230-158.232. The Company's final, 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 the individual, small group, and large group markets, the company used correct procedures to determine that no rebates were due for 2011, 2012, or 2013.

C. Rebate Disbursement and Notice

According to its 2011, 2012, and 2013 MLR Annual Reporting Forms, the Company did not report any rebates owed as a result of the MLR calculations, and therefore was not required to and did not issue any Notices of rebates for the 2012 or 2013 MLR reporting years. Based upon the procedures performed, the Company timely issued the 2011 Notice (of no rebate) in accordance with §158.251, but failed to prominently display the notice on the front of the plan or as a separate notice, as required by §158.251(a)(3). Rather, the notice was included on the 40th page of a booklet provided to all subscribers.

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 Illinois Department of Insurance performed a financial examination of the Company in 2012, covering the period January 1, 2007 through December 31, 2011. The financial examination resulted in three findings, none of which appear to 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 2013 MLR Annual Reporting Form. No post-December 31, 2013 significant events have been brought to CCIIO's attention.

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

CCIIO examined Health Alliance Medical Plans, Inc.'s 2013 MLR Annual Reporting Form to assess 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 MLR Annual Reporting Form, and the accuracy and timeliness of any rebate payments. As detailed above, the Company's 2013 MLR Annual Reporting Form contained some elements that were not fully compliant with the requirements of 45 CFR Part 158.

Based on the cumulative effect of the findings that could be quantified, it is estimated that the Company's recalculated MLRs decreased but remained above the applicable MLR standard in the individual market, did not change in the small group market, and increased in the large group market, resulting in no additional rebates being owed. However, due to the lack of adequate documentation to support its group size and market classification determinations, we cannot at this time conclusively assess whether there were additional errors that could impact the Company's MLRs or rebates.

As a result of 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 obtains and maintains accurate information from its employer groups at the time of policy application and at renewal in order to determine the correct group size and market classification of its group policies, consistent with the definitions in section 2791(e) of the PHS Act and the applicable requirements of 45 CFR Part 158 and related technical guidance. This should include, but not be limited to, obtaining and maintaining accurate documentation related to the average number of employees for the calendar year preceding the coverage effective (or renewal) date. Alternatively, for the 2017 and later reporting years, the Company may elect to use the applicable state employee counting method, unless the state method does not take into account non-full-time employees, in which case the full-time equivalent method described in section 4980H(c)(2) of the Internal Revenue Code should be used. The Company must adopt and implement procedures to ensure that it obtains and maintains accurate information from its employer groups in order to determine the correct group size and market classification of its group policies under the applicable employee counting method. The Company must utilize this information to accurately determine the market classification of its policies in accordance with the requirements of §158.103.

Company Response

"Health Alliance agrees with this corrective action and will implement procedures to ensure compliance with this requirement."

CCIIO Reply

CCIIO accepts the Company's response and the corrective action plan. Any and all such corrective action must be implemented within 60 days of the Company's receipt of this Final Report.

Corrective Action #2

The Company must adopt and implement procedures to ensure that all amounts are properly and accurately reported on the MLR Annual Reporting Form in accordance with applicable MLR Annual Reporting Form Filing Instructions, including reporting of experience from health coverage not subject to the MLR regulations at 45 CFR Part 158 in the Other Health Business column, and excluding taxes on capital gains and/or losses from the taxes and regulatory fees deducted from premium in the MLR calculation.

Company Response

"Health Alliance agrees with this corrective action and will implement procedures to ensure compliance with this requirement."

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan. Any and all such corrective action must be implemented no later than on the Company's 2020 MLR Annual Reporting Form.

Corrective Action #3
The Company must allocate taxes and regulatory fees to the appropriate market utilizing a methodology that will yield the most accurate results, in accordance with §158.170.

Company Response
"Health Alliance agrees with this corrective action and will implement procedures to ensure compliance with this requirement."

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan. Any and all such corrective action must be implemented no later than on the Company's 2020 MLR Annual Reporting Form.

Corrective Action #4
The Company must adopt and implement a comprehensive MLR records maintenance program under which it maintains all documentation and evidence necessary to verify compliance with each element included in the MLR Annual Reporting Form, as required by §158.502. The records maintenance program should include storing documentation related to the number of employees of group policyholders, as well as maintaining evidence of cash receipts.

Company Response
"Health Alliance agrees with this corrective action and will implement procedures to ensure compliance with this requirement."

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan. Any and all such corrective action must be implemented within 60 days of the Company's receipt of this Final Report.

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.