

**INDEPENDENT CARE
HEALTH PLAN
BadgerCare Plus (BCP)/
Supplemental Security Income
(SSI)
Wisconsin Medicaid
Managed Care Programs**

Report on Adjusted Administrative Expenses
With Independent Accountant's Report Thereon

For the Calendar Year Ended December 31, 2023



**MYERS AND
STAUFFER^{LC}**
CERTIFIED PUBLIC ACCOUNTANTS



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State of Wisconsin
Department of Health Services
Madison, Wisconsin

Independent Accountant's Report

We have reviewed the accompanying Adjusted Administrative Expenses of Independent Care Health Plan (health plan) for the calendar year ended December 31, 2023. The health plan's management is responsible for presenting the Administrative Expenses in accordance with the criteria set forth in Wisconsin Financial Reporting Instructions and Centers for Medicare & Medicaid Services (CMS) federal guidance (criteria). This criteria was used to prepare the Adjusted Administrative Expenses. Our responsibility is to express a conclusion on the Adjusted Administrative Expenses based on our review.

Our review 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 review to obtain limited assurance about whether any material modifications should be made to the Adjusted Administrative Expenses in order for it to be in accordance with the criteria. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether the Adjusted Administrative Expenses are in accordance with the criteria, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our engagement.

The procedures we performed were based on our professional judgment and consisted primarily of analytical procedures and inquiries.

The accompanying Adjusted Administrative Expenses was prepared from the Administrative Expenses information for the purpose of complying with the criteria, and is not intended to be a complete presentation in conformity with accounting principles generally accepted in the United States of America.

Based on our review, we are not aware of any material modifications that should be made to the Adjusted Administrative Expenses in order for them to be in accordance with the criteria, once the items addressed in the Schedule of Reporting Caveats are considered.



This report is intended solely for the information and use of the Department of Health Services, Milliman, and the health plan and is not intended to be and should not be used by anyone other than these specified parties.

Myers and Stauffer LC
Kansas City, Missouri
January 29, 2026



INDEPENDENT CARE HEALTH PLAN
ADJUSTED ADMINISTRATIVE EXPENSES

Adjusted Administrative Expenses for the Calendar Year Ended December 31, 2023

Adjusted Administrative Expenses for the Calendar Year Ended December 31, 2023				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Administrative Expense - Excluding Medical Loss Ratio Qualified Expenses				
1	Fraud Prevention Activities	\$ -	\$ -	\$ -
2	Sales and Marketing	\$ 189,784	\$ -	\$ 189,784
Direct Expense				
3	Care Management	\$ 18,593	\$ -	\$ 18,593
4	Claims Administration	\$ 7,503,961	\$ -	\$ 7,503,961
5	Customer Service	\$ 769,807	\$ -	\$ 769,807
6	Enrollment	\$ 157,671	\$ -	\$ 157,671
7	Risk Score Coding Improvement	\$ -	\$ -	\$ -
8	Interpreter Services During Provider Services	\$ -	\$ -	\$ -
9	Other	\$ 1,243,969	\$ -	\$ 1,243,969
Indirect Expense				
10	Accounting and Finance	\$ 1,485,713	\$ -	\$ 1,485,713
11	Actuarial and Analytics	\$ -	\$ -	\$ -
12	Executive	\$ 376,491	\$ -	\$ 376,491
13	Compliance and Legal	\$ 277,355	\$ -	\$ 277,355
14	Facility Related Costs	\$ 643,842	\$ -	\$ 643,842
15	Human Resources	\$ 316,056	\$ -	\$ 316,056
16	Information Technology	\$ 2,313,844	\$ -	\$ 2,313,844
17	Provider Network Management	\$ 1,017,344	\$ -	\$ 1,017,344
18	Other	\$ 5,003,024	\$ 341,941	\$ 5,344,965
19	Unallowable Administrative Expenses	\$ -	\$ -	\$ -
20	Other (please explain)	\$ 452,266	\$ 2,829,692	\$ 3,281,958
21	Total Administrative Expense	\$ 21,769,721	\$ 3,171,633	\$ 24,941,354

**MLR Qualified Expenses, lines 56-61 reported on the Financial Reporting Template - Exhibit 7, have been subjected to the procedures applied in the MLR examination, and accordingly excluded from this report.*

Note: The amounts reflected within line 21 contain a variance due to rounding.



Schedule of Reporting Caveats

During the course of the engagement, we identified the following reporting caveats.

Caveat #1 – Non-allowable administrative expenses

The Wisconsin Financial Reporting Instructions related to administrative expenses on the Financial Reporting Template – Exhibit 7 define certain non-allowable expenses. Federal guidance provided in 45 Code of Federal Regulations (CFR) § 75.420-475 was utilized to determine allowability of administrative expenses for this engagement. The contract between the Department of Health Services and the health plan requires the health plan to submit the Financial Reporting Template based on the Wisconsin Financial Reporting Instructions. The table below outlines an adjustment where the Wisconsin Financial Reporting Instructions did not identify an expense as non-allowable, but was deemed non-allowable per 45 CFR § 75.420-475.

Impacted Adjustment	
Adjustment Number	Schedule of Adjustments and Comments for Calendar Year Ending
4	December 31, 2023

Caveat #2 – Classification of administrative expenses

Administrative expenses reported vary by health plan and may be allocated to Lines 1 through 20 on the Adjusted Administrative Expenses, rather than being directly assigned to specific lines based on function of the individual account, department, or cost center. This allocation methodology may result in the distribution of expenses between Lines 1 through 20 based on the health plan's estimated percentages. Therefore, adjustments related to allocated expenses may be reflected on Line 20 "Other" rather than allocating the adjustments between the administrative expense lines. The treatment may result in a negative total adjusted amount on Line 20, however, the impact remains as a reduction in total administrative expenses reflected on Line 21. Additionally, non-qualifying medical loss ratio expense reclassifications are reflected on Line 20, rather than allocating between the administrative expense lines. For purposes of this review, testing was performed to determine allowability of administrative expenses, not appropriate classification reflected on Lines 1-20. The table below outlines the adjustments impacted by the caveat.

Impacted Adjustments	
Adjustment Number	Schedule of Adjustments and Comments for Calendar Year Ending
2-7	December 31, 2023



Schedule of Adjustments

During the course of the engagement, we identified the following adjustments.

Adjustment #1 – To adjust total administrative expenses per health plan supporting documentation

The health plan reported administrative expenses that did not reconcile to health plan supporting documentation. An adjustment was proposed to adjust administrative expenses per health plan supporting documentation. The administrative reporting requirements are addressed in the Wisconsin Financial Reporting Instructions and CMS Publication 15-1, Chapter 10.

Proposed Adjustment		
Line #	Line Description	Amount
18	Other	\$341,941

Adjustment #2 – To remove non-allowable administrative expenses per health plan supporting documentation

The health plan reported non-allowable alcoholic beverages and advertising expenses. An adjustment was proposed to remove the non-allowable alcohol and advertising expenses per health plan supporting documentation. The administrative reporting requirements are addressed Wisconsin Financial Reporting Instructions and 45 CFR §§ 75.421, and 75.423.

Proposed Adjustment		
Line #	Line Description	Amount
20	Other (please explain)	(\$134,640)

Adjustment #3 – To remove unsupported non-allowable advertising and travel cost expenses

The health plan reported advertising and travel cost expenses. Additional detailed information was requested to further determine and confirm the nature of the expenses; however the health plan did not provide the necessary supporting documentation. An adjustment was proposed to remove unsupported expenses due to the lack of documentation. The administrative reporting requirements are addressed in Wisconsin Reporting Instructions and 45 CFR §§ 75.400, 75.421, and 75.474.

Proposed Adjustment		
Line #	Line Description	Amount
20	Other (please explain)	(\$26,230)



Adjustment #4 – To remove unsupported non-allowable legal fee expenses

The health plan reported legal fee expenses. Additional detailed information was requested to further determine and confirm the nature of the expenses; however the health plan did not provide the necessary supporting documentation. An adjustment was proposed to remove unsupported expenses due to lack of documentation. The administrative reporting requirements are addressed in 45 CFR §§ 75.400 and 75.441.

Proposed Adjustment		
Line #	Line Description	Amount
20	Other (please explain)	(\$95,475)

Adjustment #5 – To adjust third party dental vendor administrative expenses per health plan supporting documentation

The health plan reported third party vendor, DentaQuest, administrative expenses based on a component of the per-member per-month (PMPM) arrangement. Upon reviewing the contractual terms, it was determined a risk corridor was in place, which impacted the final amount paid to the vendor for providing dental services, and resulted in the administrative expenses component being 20%. An adjustment was proposed to include the additional administrative expenses per health plan supporting documentation. Additionally, based on the arrangement with the dental vendor, administrative expenses and profit comprise 20% of the total expense. The third party reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2)(v) and the Center for Medicaid & CHIP Services Informational Bulletin: MLR Requirements Related to Third Party Vendors dated May 15, 2019.

Proposed Adjustment		
Line #	Line Description	Amount
20	Other (please explain)	\$247,221

Adjustment #6 – To reclassify non-qualifying HCQI/HIT expenses to administrative expenses per health plan supporting documentation

The health plan reported health care quality improvement (HCQI) and health information technology (HIT) expenses based on salaries and benefits, vendor, and overhead costs. It was determined the health plan included non-qualifying expenses based on federal guidance. An adjustment was proposed to reclassify the non-qualifying HCQI/HIT to administrative expenses per health plan supporting documentation. The HCQI/HIT reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(3).



SCHEDULE OF ADJUSTMENTS

Proposed Adjustment		
Line #	Line Description	Amount
20	Other (please explain)	\$2,739,043

Adjustment #7 – To reclassify other non-qualifying incurred claims expenses to administrative expenses per health plan supporting documentation

The health plan reported various providers and vendors within incurred claims for the reporting period. It was determined several of the entities reported were not providing medical services. An adjustment was proposed to reclassify non-qualifying incurred claims expenses to administrative expenses per health plan supporting documentation. The incurred claims reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e)(2).

Proposed Adjustment		
Line #	Line Description	Amount
20	Other (please explain)	\$99,773