



**INFORMATIONAL MEMORANDUM
OIR-16-06M
ISSUED**

September 1, 2016

Florida Office of Insurance Regulation
David Altmaier, Commissioner

To All Health Maintenance Organizations (HMOs) participating in the Statewide Medicaid Managed Care Program Managed Medical Assistance Program (MMA)

The purpose of this memorandum is to provide HMOs with accounting guidance with regard to receivables owed to a HMO participating in MMA.

In April 2016, the Agency for Health Care Administration (AHCA) informed certain insured plans that it identified a mismatch between certain Medicaid aid categories and the rate cells to which they were assigned. The mismatch led to AHCA paying Temporary Assistance for Needy Families (TANF) rates for certain persons—particularly MEDS-AD recipients over age 55—when it should have paid Supplemental Security Income (SSI) rates. It began at the outset of the program in May 2014, due to programming that occurred in 2013.

AHCA indicated it is pursuing all necessary authorities to pay all monies owed to participants.

Accounting Guidance:

SSAP No. 84, Paragraph 23, discusses accounting treatment for amounts received under government issued plans, including amounts over 90 days due. Paragraph 23 states in part as follows:

Amounts receivable under government insured plans, including amounts over 90 days due, that qualify as accident and health contracts in accordance with *SSAP No. 50 – Classifications of Insurance or Managed Care Contracts* shall be admitted assets. Amounts receivable under government insured plans include but are not limited to receivables under Medicare, Medicaid and similarly funded government insured plans. Evaluation of the collectability of amounts receivable under government insured plans shall be made periodically. If in accordance with SSAP No. 5R, it is probable the balance is uncollectible, any uncollectible receivable shall be written off and charged to income in the period the determination is made. . . .

SSAP Number 5R, Paragraph 6, Subparagraph a., defines probable as “[t]he future event or events are likely to occur.”

Beginning with the June 30, 2016, quarterly financial statement and until such time as final determination is made by AHCA, SSAP No. 84, Paragraph 23, and the following accounting treatment should be utilized to report the reimbursement payment on financial statements:

- Receivable amounts shall be reported as an admitted asset on the Asset page, line 25-Aggregate write-ins for other than invested assets. The description of “Medicaid Underpayment” should be provided in the Details of Write-Ins section.
- A disclosure shall be provided in Notes to Financial Statements, Note 28 – Health Care Receivables. Companies shall provide a detailed explanation of the Medicaid Underpayment as well as including the number of persons affected in its plan.

In order for amounts reported as “Medicaid Underpayment” to be considered an admitted asset, HMOs are required to provide supporting documentation to the Office of Insurance Regulation with each financial statement filing that demonstrates amounts owed from AHCA.

Evaluation of the collectability of amounts receivable related to the mismatch shall be made periodically. If at any time in the future, the receivable amounts are found to be uncollectible in accordance with SSAP No. 5R, companies will be required to write off any uncollectible receivable and charge to income in the period the determination is made.

Questions concerning this memorandum may be directed to:

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