Final

Report on the

Medical Loss Ratio Examination

of

Kaiser Foundation Health Plan of Colorado
(Denver, Colorado)

for the

2014 MLR Reporting Year

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

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR CONSUMER INFORMATION & INSURANCE OVERSIGHT

OVERSIGHT GROUP

June 18, 2026

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 Kaiser Foundation Health Plan of Colorado (the Company) for the 2014 reporting year, including 2014, 2013, and 2012 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.

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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 2014 Medical Loss Ratio (MLR) Annual Reporting Form for Kaiser Foundation Health Plan of Colorado (the Company) to assess the Company's compliance with the requirements of 45 CFR Part 158. We determined that the Company's 2014 MLR Annual Reporting Form contains some elements that are not compliant with the requirements of 45 CFR Part 158, but that do not impact consumer rebates.

We direct the Company to implement the necessary corrective actions to address the findings detailed in this report, including: (1) obtaining and maintaining adequate information to accurately determine and assign group policies to the correct the market classification; (2) adopting and implementing a comprehensive MLR records maintenance program; (3) ensuring that quality improvement activity (QIA) expenses meet the regulatory definition and are adequately supported with sufficient documentation; and (4) implementing policies and procedures to ensure compliance with the requirements of the MLR Annual Reporting Form Filing Instructions.

The examination findings resulted in decreases to the Company's reported MLRs in the individual, small group, and large group markets. As the recalculated MLRs continued to exceed the applicable MLR standards, these findings did not have an impact on the Company's rebate liability in any market.

II. Scope of Examination

CCIIO examined the Company's 2014 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 ("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, 2012 through December 31, 2014, including 2012, 2013, and 2014 experience and claims run-out through March 31, 2015. 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
6	**Failure to employ standards consistent with the definitions in §158.103 to correctly determine the size of group policyholders –** The Company did not obtain from each group policyholder, at the time of initial application or policy renewal, the average total number of employees (ATNE) employed on the business days of the calendar year preceding the coverage effective date, as required by the regulation, and therefore may not have correctly determined each group's size and market classification**.**
7, 8	**Failure to maintain adequate documentation, as required by §158.502 –** The Company did not maintain the documents and other evidence necessary to enable CCIIO to verify that the MLRs and any rebates owed were calculated in accordance with 45 CFR Part 158. Specifically, the Company did not maintain the documents and other sufficient evidence necessary to enable CCIIO to verify that the expenses reported as QIA met the definition set forth in §158.150. The Company did not maintain adequate documentation to support the amounts reported for direct written premium on its 2014 MLR Annual Reporting Form.
8	**Reporting of expenses for QIA that did not meet the definition of a QIA expense set forth in §158.150** – The Company improperly reported QIA expenses for its Medicare Advantage policies on its 2014 MLR Annual Reporting Form. In addition, the Company improperly included in its QIA certain expenses for activities that did not meet the definition of a QIA at §158.150. As a result of these errors, the Company overstated its current year QIA expenses by $387,472 in the individual market, $333,773 in the small group market, and $2,335,577 in the large group market.
9	**Failure to submit an MLR Annual Reporting Form in the manner prescribed by the Secretary, as required by §158.110 -** The Company improperly rounded the preliminary MLR on its 2014 MLR Annual

	Reporting Form in all markets. This error did not impact the Company's MLR calculations.

These findings resulted in decreases to the Company's reported MLRs in the Colorado individual market, small group, and large group markets. In all markets, the recalculated MLRs continued to exceed the applicable MLR standards, and thus did not result in rebates being owed.

The three-year adjusted, aggregated numerator and denominator, along with the resulting credibility-adjusted MLRs and rebates for 2014, 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 properly restate QIA expenses**.**

Recalculated MLRs and Rebates for the Individual, Small Group, and Large Group Markets for the 2014 Reporting Year

Colorado

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$351,210,086	$392,532,458	89.5%	$0
As Recalculated	$350,822,614	$392,532,458	89.4%	$0
Difference	($387,472)	$0	(0.1%)	$0

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$647,092,233	$773,349,604	83.7%	$0
As Recalculated	$646,758,460	$773,349,604	83.6%	$0
Difference	($333,773)	$0	(0.1%)	$0

	Large Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$4,089,173,840	$4,509,280,510	90.7%	$0
As Recalculated	$4,086,838,263	$4,509,280,510	90.6%	$0
Difference	($2,335,577)	$0	(0.1%)	$0

IV. Company Overview

A. Description, Territory, and Plan of Operation

The Company is a not-for-profit health insurance issuer domiciled in Colorado. The Company sells individual and group health insurance policies in Colorado.

During the 2012, 2013, and 2014 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, 2014, the Company reported a total of 462,955 covered lives and $2,133,493,101 in direct earned premium for policies subject to the MLR reporting and rebate requirements under 45 CFR Part 158, and a total of 564,065 covered lives and

$3,137,662,779 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 Medicare Advantage policies and administrative services to self-funded group health plans.

B. Management

The corporate officers and board of directors of the Company as of December 31, 2014 were:

Officers

Name	Title
James B. Tyson	President, Chief Executive Officer
Donna Lynne	Group and Regional President
Mark S. Zemelman	Senior Vice President, General Counsel and Secretary
Kathryn L. Lancaster	Executive Vice President, Chief Financial Officer
Arthur M Southam	Executive Vice President - Health Plan Operations
Deborah Stokes	Senior Vice President, Controller
Thomas R. Meier	Senior Vice President, Treasurer

Directors

Name	
James B. Tyson, Chairman	Judith Johansen
Christine K. Cassel	Kim J. Kaiser
Thomas W. Chapman	Philip A. Marineau
Jeffrey Epstein	Edward Pei
Daniel P. Garcia	Margaret E. Porfido
William R. Graber	Richard Shannon
Jefferson E. Grigsby III	Cynthia A. Telles
David F. Hoffmeister	

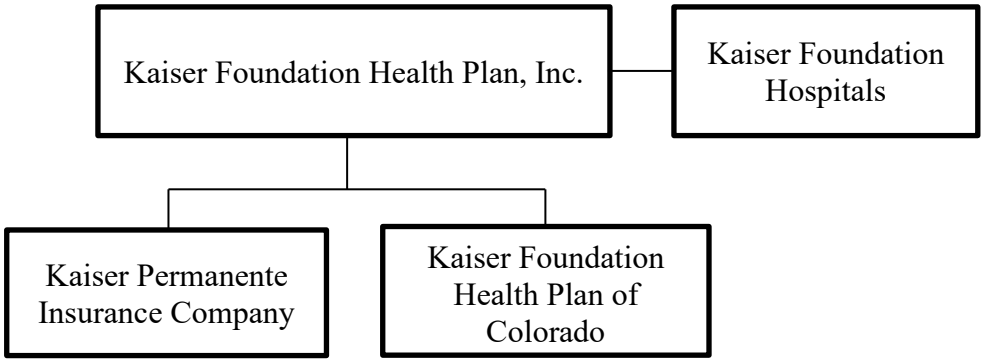
Company management and corporate-level personnel responsible for the preparation, submission, and attestation of the 2014 MLR Annual Reporting Form were:

Name	Title
Donna Lynne	CEO Attester
Rick Newsome	CFO Attester

C. Ownership

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

Kaiser Foundation Health Plan of Colorado
Organizational Chart as of December 31, 2014[1]



D. Agreements

As of December 31, 2014, the Company had entered into the following intercompany agreements that are pertinent to a review of its MLR Annual Reporting Form:
1. An Administrative Services Agreement with Kaiser Foundation Health Plan, Inc.
2. An Intercompany Information Technology Agreement with Kaiser Foundation Hospitals.
3. A Credentialing Agreement with Kaiser Permanente Insurance Company.

E. Reinsurance

During 2012, 2013, and 2014, 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 10350 E. Dakota Avenue, Denver, Colorado 80231-1314. The Company provided adequate access to its accounts and records, including computer and other electronic systems, as required by §158.501. A portion of the examination was conducted on-site at the Company's offices.

As noted herein, the Company did not comply 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 provide sufficient evidence necessary to enable CCIIO to verify that the expenses reported as QIA met the definition set forth in §158.150 and the accuracy of the reconciliation of direct premium written reported to the amounts billed and collected.

[1] 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.

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 2012, 2013, and 2014 MLR Annual Reporting Forms were not filed on the form and in the manner prescribed by the Secretary. The Company's 2012, 2013, and 2014 MLR Annual Reporting Forms were filed by the due date.

The Company reported that in 2014, it met the applicable MLR standards in the individual, small group, and large group markets. Therefore, the Company reported that it was not required to pay rebates to its enrollees in these markets.

Based on the reporting errors found during the examination, the Company's MLRs for the 2014 MLR reporting year were recalculated, which did not result in any change to the Company's rebate liability in any market.

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 2012-2014 reporting years. Section 158.103 uses 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 total number of employees (ATNE) 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 correctly determine employer size. Therefore, it may have incorrectly determined the market classification of some group policies for the period covered by this examination.

The Company provided copies of the original or renewal application and annual group policyholder surveys containing the total number of employees at the time of application or renewal (rather than the ATNE on the business days of the calendar year preceding the coverage effective date). Since the Company based its determinations on the total number of employees at the time of either the initial policy application or policy renewal, based on the information provided by the Company, the examiners could not confirm whether the Company correctly determined the group size, and consequently the market classification, of its group policies. Due to the Company's use of the incorrect standard for determining group size and market classification, which could have impacted the market classification of some groups, and the lack of adequate documentation necessary to support its determinations, we cannot conclusively assess whether there were additional errors that could impact the Company's MLRs or rebates.

Aggregation

Based on procedures performed, other than the incorrect group size and market classification determinations noted above, nothing additional came to our attention that would indicate that the samples of policies, claims, and other aggregation-related reporting elements tested during the examination, were not correctly assigned to the appropriate markets and lines of business in accordance with §158.120.

Incurred Claims
The Company and its affiliates own and operate various medical facilities across the state of Colorado for the purpose of providing health care services to its enrollees, as well as non-enrollees. Because the providers and medical support staff at these facilities are employees of affiliates of the Company, services provided to the Company's enrollees at these facilities are not billed on a fee-for-service basis. Nor are they paid on a capitated basis (i.e., on a per-member, per-month), as is generally done under capitation. Rather, the expenses of each facility, including the salaries and benefits of the providers and medical support staff, overhead, and other administrative expenses related to the provision of clinical health care services, are allocated to the Company's individual, small group, and large group markets (and reported as incurred claims), based on a relative unit factor and determined by the pro rata proportion of actual clinical services provided during each member's encounter at any given facility. The Company paid (and reported claims paid to) unaffiliated providers and facilities on a fee-for-service basis. Based on alternative testing procedures, the examiners concluded that the Company's accounting for clinical services provided at its own facilities was reasonable.

Based upon the procedures performed, which included validating a sample of incurred claims (as defined by §158.140), other than the lack of documentation supporting the Company's group size and market classification determinations, nothing additional came to our attention that would indicate that the Company did not accurately report incurred claims, or that it did not properly report the reconciled amount of cost-sharing reductions (CSRs) received from HHS, in accordance with §158.140(b)(1)(iii)..

Claims Recovered Through Fraud Reduction Efforts
Based upon the procedures performed, no errors were noted in how the Company reported 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)

Insufficient Documentation of QIA
The Company did not maintain adequate documentation to support the expenses it reported as QIA. 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 were calculated and provided in accordance with the regulation.

The largest category of QIA expenses reported by the Company was for the salaries and related benefits of the employees whose roles and responsibilities included activities that it asserted met the definition of a QIA at §158.150. However, the Company could not provide sufficient time studies of employee activities or otherwise substantiate the salary ratios it used to allocate salaries to QIA. Accordingly, alternative testing procedures were employed, which included reviewing the titles and job descriptions of the staff whose salaries were reported as QIA, the percentage of staff time allocated to QIA, and other information obtained from the Company related to the employees whose salaries were reported as QIA expenses.

Improper Inclusion of Expenses for Activities That Do Not Qualify as QIA
The Company improperly included in QIA expenses on its 2014 MLR Annual Reporting Form, in the individual, small group, and large group markets, a portion of one cost center's 2014 QIA expenses for Medicare Advantage policies. According to §158.150(c)(2), the pro rata share of expenses that are for lines of business or products not subject to 45 CFR Part 158 must be excluded from QIA expenses. In addition, the Company improperly reported as QIA expenses amounts paid for travel to a health quality awards dinner, which did not qualify as a QIA as defined at §158.150. As a result of these errors, the Company overstated its current year QIA expenses on Part 3, Line 1.3, by $387,472 in the individual market, $333,773 in the small group market, and $2,335,577 in the large group market.

Based upon the procedures performed, other than the reporting errors noted above, 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
Failure to maintain adequate documentation
The Company did not adequately maintain supporting documentation of premium written that matched the amount invoiced and recorded as cash received from each policyholder, as required by §158.502. The detailed, premium written data provided by the Company in support of its earned premium reported on its 2014 MLR Annual Reporting Form included an allocation of premium amounts by enrollee in each group and subgroup (product), based on its internally developed risk-rating factor, which was primarily based on age and gender, as opposed to the actual premium billed and collected from each policyholder. The process resulted in the Company internally re-distributing the total premium paid by a particular employer group, or a subgroup of multiple policyholders who purchased the same product, among its enrollees in order that a higher relative premium amount was allocated to those with a higher risk rating factor. Using the data provided by the Company, the examiners selected a total sample of 75 premium transactions from the individual, small group, and large group markets for testing of accuracy. For each sample tested, the total cash receipt and invoice amount matched each other, but because of the Company's premium re-allocation process, they did not match the policyholder premium amount that was selected for testing.

According to §158.502, an issuer must maintain all documents and other evidence necessary to enable CCIIO to verify that the MLR is calculated accurately and that any rebates are calculated and disbursed in accordance with 45 CFR Part 158. Section 158.502(b) further requires that all such documentation must be maintained for the current year and the six prior years. Based on alternative testing procedures, the examiners were able to verify for the group market samples that the total premium for each employer group matched the total premium actually billed and collected by the Company. For individual market policies, the Company was able to demonstrate that the total premium generated through the sale of a particular product (subgroup) equaled the total premium billed and collected from the policyholder who purchased that particular policy. Nothing came to our attention that would indicate that the internal risk-rating of premium amounts resulted in inaccurate premium dollars being allocated to the Company's markets, or the inaccurate reporting of premium on its MLR Annual Reporting Form. The Company represented that the premium risk-rating methodology was used only for internal cost analysis purposes of the various products it offered and for statistical information, and was not used for medical

underwriting. However, confirming this was beyond the scope of the examination and therefore not validated by the examiners.
Based upon the procedures performed, other than the lack of documentation supporting its group size and market classification determinations, nothing additional came to our attention that would indicate that earned premium was not properly reported on a direct basis or the data elements underlying the 2012, 2013, and 2014 premium reported on the Company's 2014 MLR Annual Reporting Form were not compliant with §158.130.

Taxes
Based upon the procedures performed, nothing came to our attention that would indicate that the taxes and licensing and regulatory fees excluded from 2012, 2013, and 2014 earned premium on the Company's 2014 MLR Annual Reporting Form did not comply with §158.161 and §158.162, and were not accurately reported and reasonably allocated among the Company's markets, as required by §158.170.

Federal Transitional Reinsurance, Risk Adjustment, and Risk Corridors Programs
Based upon the procedures performed, nothing came to our attention that would indicate that the Company did not properly report the expected payments under the federal transitional reinsurance program, or the expected transfer amounts under the federal risk adjustment and risk corridors programs for the 2014 benefit year, in compliance with §158.140(b)(4)(ii).

B. Credibility-Adjusted MLR and Rebate Amount Calculation

Improper Rounding of Preliminary MLR
The Company improperly rounded the preliminary MLR reported on Part 3, Line 5.1a, on its 2014 MLR Annual Reporting Form, in the individual, small group, and large group markets. According to the MLR Annual Reporting Form Filing Instructions, the preliminary MLR reported on Part 3, Line 5.1a, must not be rounded. This error did not impact the Company's MLR calculations.

Based upon the procedures performed, other than the reporting error noted above, the Company correctly applied the credibility adjustment, in accordance with §§158.230-232, when it calculated and reported its MLRs. The Company's credibility-adjusted MLRs were calculated using the correct formula, and 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 markets for 2014, the Company used the correct procedures to determine that no rebates were due for any market. 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.

C. Rebate Disbursement and Notice

According to its 2014 MLR Annual Reporting Form, the Company reported that it did not owe rebates in any market for 2014, and therefore was not required by §158.250 to issue, and did not issue, any Rebate Notices.

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 Company informed CCIIO that the Colorado Division of Insurance performed a financial examination of the Company in 2014 covering the period January 1, 2011 through December 31, 2013. There were no findings as a result of the financial examination.

VII. Subsequent Events

The Company is required to inform CCIIO of any subsequent events that may affect the currently attested 2014 MLR Annual Reporting Form. No post-December 31, 2014 events were brought to CCIIO's attention.

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

CCIIO examined Kaiser Foundation Health Plan of Colorado's 2014 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 2014 MLR Annual Reporting Form, and the accuracy and timeliness of any rebate payments. As detailed above, the Company's 2014 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 did not owe rebates to its enrollees in any of the markets in which it operates.

As a result of this examination, consistent with § 158.402(e), 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 documentation of the average total number of employees for the calendar year preceding the coverage effective (or renewal) date.

Company Response
KFHP of Colorado requests, collects, and stores via a cloud-based report system responses to a group size attestation (GSA) sent to customers with 200 or fewer eligible employees, including both Large and Small Groups. The process is done online and, with few exceptions, no physical attestation documents are received. For group sizes in scope, online GSA emails are sent to each group's contract signer prior to the contract renewal date. We will enhance our current survey to request the number of full-time and full-time-equivalent employees were employed during the previous calendar year.

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

Corrective Action #2
The Company must adopt and implement a comprehensive MLR records maintenance program under which it maintains all documentation and evidence necessary to enable CCIIO to verify compliance with each element in the MLR Annual Reporting Form, as required by §158.502. The records maintenance program should also include creating and retaining documentation, as may be necessary, to enable CCIIO to verify that expenses included in QIA are for activities that meet the definition of QIA. For salary-related expenses classified as QIA, this includes performing time studies of employee activities or other quantitative analyses of salary ratios to support allocating any such amounts to QIA, as only salary amounts supported by quantitative analyses regarding allocation of time spent on qualifying QIA activities are allowable QIA expenses. The records maintenance program should also include maintaining documentation, as may be necessary, to enable CCIIO to verify the accuracy of direct premium written.

Company Response
Although KFHP of Colorado saw steady improvements in record keeping since 2016, the MLR process and internal MLR workbook were redesigned in 2018 to identify and trace MLR inputs such as direct premiums back to the source documents in compliance with §158.502. In addition, the QIA process was overhauled in 2021 to incorporate support for allocation methodologies such as time studies and direct assignments based on roles or specific tasks.

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 any expenses classified as QIA meet the requirements of §158.150 and that the reported amounts are accurate. The Company must perform additional analyses to adequately differentiate between activities that do and do not qualify as QIA, as defined at §158.150. The Company must also ensure that any Medicare Advantage QIA expenses are not allocated to the commercial markets.

Company Response
KFHP of Colorado refined the QIA cost reporting process in 2021 to better distinguish QIA-eligible costs from non-QIA eligible costs, as well as QIA costs for other lines of business. Any allowable QIA costs that are not specifically identified by line of business are allocated based on total medical costs as it more accurately reflects the underlying drivers of QI activity. The redesigned process incorporates detailed instructions consistent with §158.150. In addition, KFHP of Colorado conducts an annual kickoff meeting to educate quality improvement leaders on the QIA process and the documentation requirements.

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 it completes the MLR Annual Reporting Form in accordance with §158.110 and the applicable MLR Annual Reporting Form Filing Instructions, including ensuring that the preliminary MLR is not rounded.

Company Response
Beginning with the 2016 Plan Year, KFHP of Colorado completes the MLR Annual Reporting Form in accordance with §158.110 and the applicable MLR Annual Reporting Form Filing Instructions, ensuring that the preliminary MLR is reported without rounding. Updated processes and procedures, along with standardized formatting within the MLR template, support compliance and prevent formatting errors.

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.